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THE WALL STREET JOURNAL.

VOL. XXXIV NO. 129 (India facsimile Vol. 1 No. 190) ASIA Thursday, March 4, 2010

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Euro zone's original sin

Athens unveils new austerity measures; national leaders ignored Greece's soaring debt for years

By Charles Forelle And Stephen Fidler

European Pressphoto Agency

Riot policemen push back pensioners trying to break through a police line to reach the Greek government's headquarters Wednesday.

Europeans are blaming financial transactions arranged by Wall Street for bringing Greece to the brink of needing a bailout. But a close look at the country's finances over the nearly 10 years since it adopted the euro shows not only that Greece was the principal author of its debt problems, but also that fellow European governments repeatedly turned a blind eye to its flouting of rules.

Though the European Commission and the U.S. Federal Reserve are examining a controversial 2001 swap arranged with **Goldman Sachs Group** Inc., Greece's own budget moves, in clear breach of European Union rules, dwarfed the effect of such deals.

In a bid to right its financial picture, Greece announced another austerity package on Wednesday. Prime Minister George Papandreou said the time has come for the European Union to show its support to Greece after the government followed EU instructions and adopted a new slate of tax increases and budget cuts that will yield the state €4.8 billion ($6.5 billion) this year.

"We are now justly awaiting EU support," Mr. Papandreou said. "The decisions were necessary to be taken. Necessary for the survival of our country, of our economy. For Greece to emerge from the vortex, from the speculators, from the negative publicity."

The most drastic measure was an outright cut in the salaries of public servants. Government spokesman George Petalotis said public employees will see their Christmas, Easter and holiday bonuses cut by 30%. This translates to a more than a 60% cut in one month's pay.

Other measures include increases in Greece's value-

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Suicide bombers kill 32 in Iraq

A Wall Street Journal Roundup

BAGHDAD—Three suicide bombs killed at least 32 people and injured nearly 50 others on Wednesday morning in Baqouba, the provincial capital of Diyala province, 35 miles northeast of Baghdad, Iraqi police said.

It was the deadliest attack in weeks in Iraq, and comes days before parliamentary polls set for March 7. Iraqi and U.S. authorities have warned of an increase in violence ahead of, during and after the elections, which are Iraq's first national polls since 2005.

The violence has shaken confidence in Iraqi security services, after U.S. combat troops withdrew from most urban areas across the country last summer. That could affect polling, with Prime Minister Nouri al-Maliki campaigning at the head of a law-and-order slate of candidates, who claim to have restored a semblance of order and security to Iraq.

Since August, a series of coordinated attacks have rocked Baghdad, but overall violence levels remain relatively low, according to Iraqi and U.S. officials. U.S. officials

Please turn to page 20

Mitsubishi and Peugeot quit talks

By David Pearson And Yoshio Takahashi

European Pressphoto Agency

Peugeot's SR1 and a design bike on display in Geneva Wednesday.

TOKYO—**Mitsubishi Motors** Corp. and **PSA Peugeot-Citroën** said Wednesday that they are scrapping their capital-alliance talks, ending speculation over the possibility of another European-Japanese tie-up in an industry still in recovery.

The two companies said in December that they were looking at deepening and expanding their existing relationship, and that a capital tie-up was one option.

But Peugeot-Citroën Chief Executive Philippe Varin, who met with Mitsubishi President Osamu Masuko in Geneva Tuesday, said his company didn't want to enter into a capital alliance that might put its improved financial situation into question.

"In terms of our debt and our borrowing power, it's clear that whatever we do, the priority must be to preserve our financial solidity," he told reporters at the Geneva Motor Show on Wednesday.

The French company, Europe's second-largest car maker by sales after **Volkswagen** AG, has always said that although it is open to capital alliances, they must create value for shareholders and preserve the company's independence.

Officials said the change in market valuations of the two companies in recent months is an important factor behind the decision to abandon the capital tie-up talks. Since the two companies acknowledged they were exploring capital ties on Dec. 3, Peugeot-Citroën's shares have fallen in value by 15%, while those of Mitsubishi have risen by 9%. Aggravating the valuation disparity, the euro has depreciated 9% against the yen during that time.

Some analysts said the failed talks are negative for Mitsubishi because the company needs a partner to survive tough global competition, and it will now have to look for another partner that would be willing to take a

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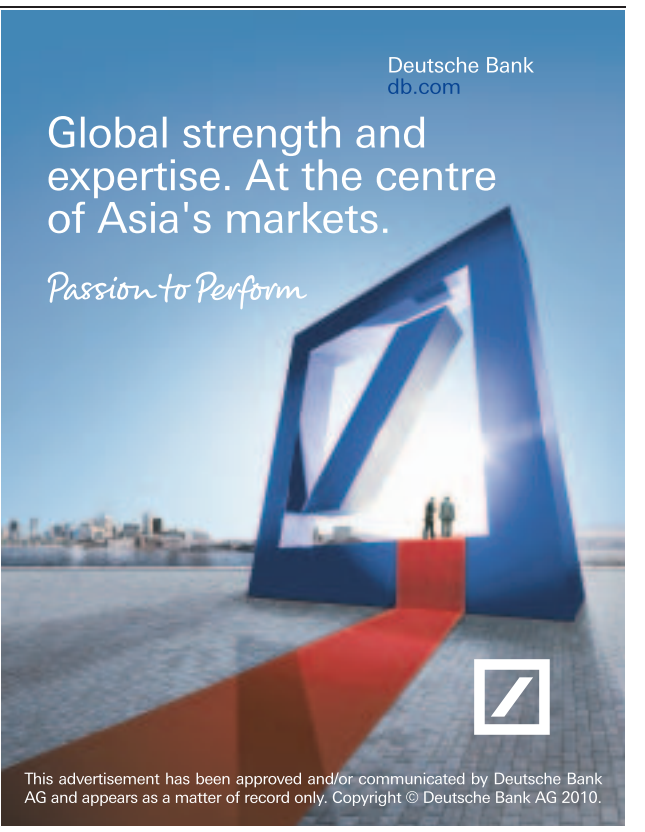
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PAGE TWO

What's News—

Agence France-Presse/Getty Images

Chinese hurdler Liu Xiang makes an entrance Wednesday to the opening session of the Chinese People's Political Consultative Conference in the Great Hall of the People in Beijing. The advisory body began meeting ahead of the start of the National People's Congress on Friday. See more photos at wsj.com

* * *

Business & Finance

■ **Standard Chartered reported** a 4.7% rise in 2009 net profit, helped by strength in its wholesale-banking operations, and said its core businesses are off to a good start in 2010. The Asia-focused U.K. bank cautioned that it sees continued challenges in the Middle East and South Asia. **21**

■ **Apple's patent suit** against HTC puts additional pressure on the Taiwan smart-phone maker, which faces stiff competition as it reaches for the mass market. **3**

■ **U.S. stocks rose** on a smaller-than-expected drop in private-sector jobs and faster expansion in the services sector. Miners helped lift Australia's benchmark to its highest close since Jan. 22. **31**

■ **China Mobile is in talks** to buy a stake in Shanghai Pudong Development Bank as part of the wireless carrier's plan to push further into mobile e-commerce. **21**

■ **Singapore said it will start** negotiations with the city-state's largest trading partner, the EU, on a free-trade deal next week. **5**

■ **Indonesia's Parliament** recommended a criminal investigation into the finance minister and vice president for authorizing a bailout of a small lender in 2008. **5**

■ **Ranbaxy said it missed** its target to launch a drug for urinary disorders in the U.S. because it didn't receive regulatory clearances in time. **23**

■ **AIG said it remains** committed to selling its Taiwanese unit to a Hong Kong consortium, amid lingering doubts over whether the deal will be completed. **22**

■ **Taiwan's government said** it won't inject public funds into a memory-chip company it set up last year to better compete with Asian rivals. **22**

■ **Nissan announced plans** to recall more than 500,000 vehicles because of brake-pedal and fuel-gauge problems. **25**

■ **Pfizer plans to bid** as much as $4 billion for German generic-drug maker Ratiopharm, people familiar with the matter said. **26**

■ **The dollar fell** against the euro after Greece announced an austerity program aimed at sharply reducing its budget deficit. **31**

■ **RBS put** London's landmark Park Lane building Grosvenor House Hotel up for sale. The five-star establishment could be the most expensive hotel ever to come to market in Europe. **30**

* * *

World-Wide

■ **Australia's Prime Minister** Rudd proposed that the federal government take over from the states majority responsibility for funding the country's public hospitals, laying the groundwork for an election campaign this year fought on health care. **4**

■ **Hong Kong prosecutors** will try to secure a second murder conviction against Nancy Kissel after the American expatriate's life sentence was quashed by the city's highest court last month. **4**

■ **An Indian navy plane** performing aerobatics at an air show crashed into a building in southern India, killing both the pilot and the copilot and injuring four people on the ground.

■ **Parliament dismissed** Ukrainian Prime Minister Tymoshenko and her government, clearing the way for Yanukovych to try to assemble his own ruling coalition.

■ **Three executives** at Shanghai Panda Dairy were sentenced to jail after milk products their company made were found to be tainted with the chemical melamine.

■ **The quake that hit Chile** was so powerful it shifted the planet's axis enough to make it spin faster, meaning days will be shorter by 1.26 millionths of a second. **6**

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Apple's suit pressures HTC

By Charmian Kok

TAIPEI—**Apple** Inc.'s patent-infringement lawsuit against **HTC** Corp. could put additional pressure on the Taiwanese smart-phone maker, which has been struggling to compete against bigger rivals to sell smart phones to the mass market, analysts said.

Apple's seeks to bar the sale of HTC phones in the U.S. market, that would be detrimental to the company because about half of its sales come from North America.

"If Apple wins the lawsuit, this may potentially affect HTC's revenues and their competitiveness in the long run," said Chia-lin Lu, an analyst at Macquarie Capital Securities.

HTC Chief Financial Officer Hui-Meng Cheng said Wednesday he doesn't believe the lawsuit poses a material impact on its business and he doesn't expect the lawsuit will change its first-quarter guidance.

"Our legal counsel is still studying the matter and we're still trying to understand the details of the case," Mr. Cheng said. He declined to comment further.

News of the lawsuit pressured HTC's shares Wednesday, with the stock falling as much as 3.3% to 319 New Taiwanese dollars, or about US$9.96. Year-to-date, HTC's shares are down 10%, underperforming the benchmark Taiwan index's 7.2% decline.

The company competes with Apple, Samsung Electronics Co. and Research In Motion Ltd. in the market for phones that also enable users to surf the Internet and download email. The smart-phone segment of the handset market has been growing rapidly as demand rises with the recovery in the global economy.

Apple, which filed complaints with both the U.S International Trade Commission and in federal court in Delaware, is seeking a ban on U.S. imports, sales or use of some HTC phones, alleging that HTC infringed on Apple's patents involving the iPhone's touch-screen user interface, hardware and software.

HTC has been moving to make its own-brand handsets, but that hasn't been an easy task. HTC has built up its brand in recent years thanks to its early support of Google Inc.'s Android operating system. It was the first company to sell an Android-based phone, and makes Google's Nexus one phone, which the Internet giant is selling directly to customers.

But HTC's strategy to move into the lower-priced smart phone segment to differentiate itself from market leaders hasn't been smooth because of the firm's lack of brand recognition compared with more established competitors like Nokia Corp. The move to sell cheaper handsets has also been putting pressure on HTC's margins.

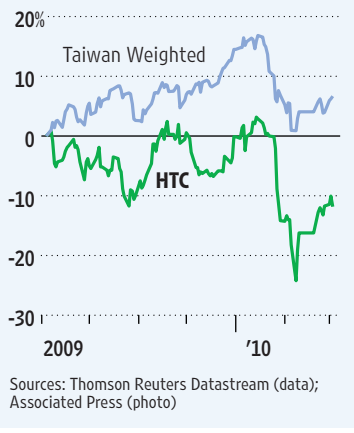
"We are cautious on HTC's outlook because they're facing some issues trying to move into the lower-end [smart phone] market where competition is really intense," said Alen Lin, an analyst at BNP Paribas.

The company has earlier guided for a 7% rise in first-quarter revenue from NT$32.70 million a year earlier. It has said it expects gross margins in the January-March period to be between 29.5% and 30.5%, down from 32% in the fourth-quarter and 30.6% in the first quarter a year earlier, as a result of its low-end shift.

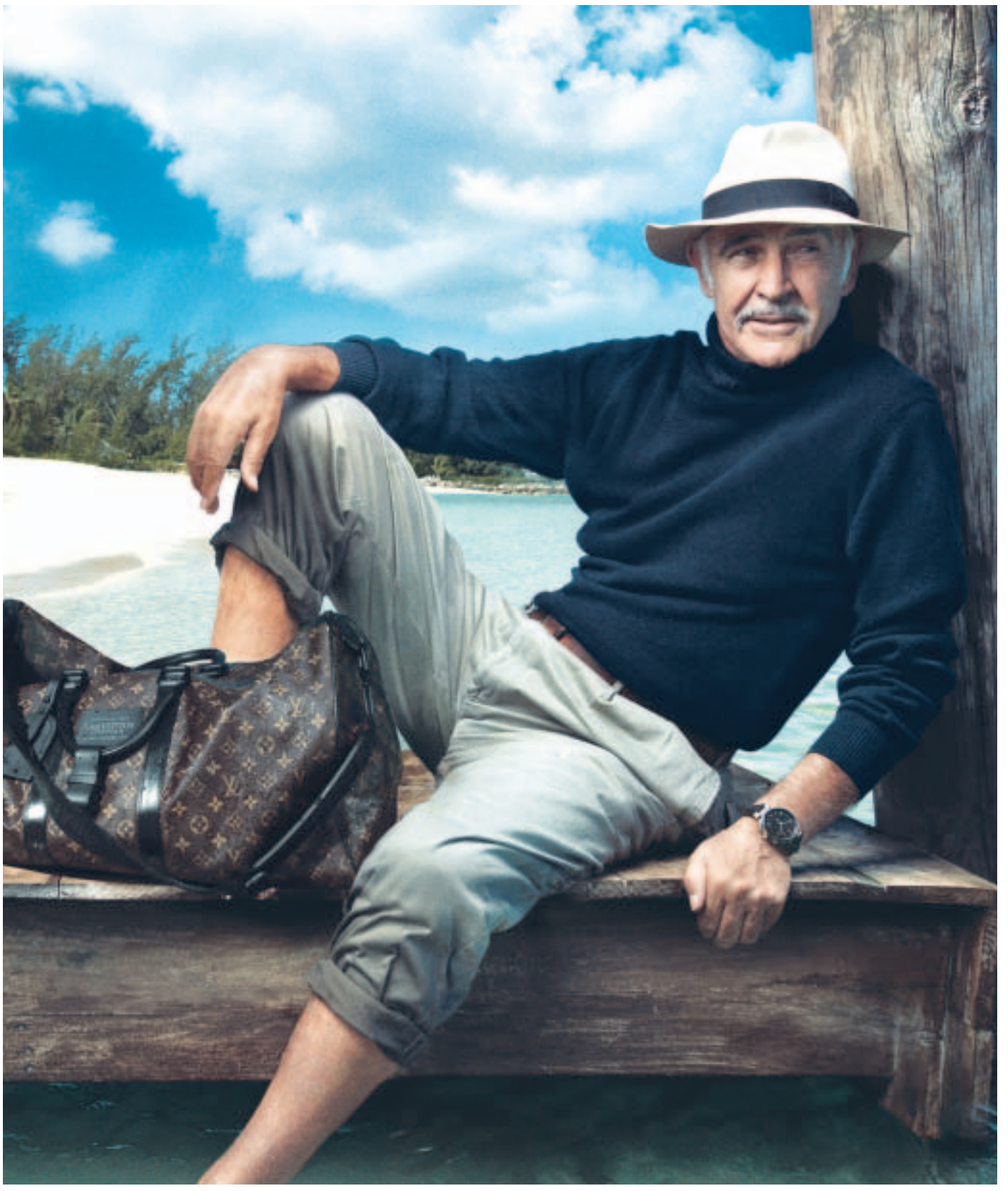
"Unless there's an injunction against HTC, there is unlikely to be an impact on its revenue this year as the case could drag on for years," said Mr. Lin. But he has a "hold" rating on HTC with a 12-month price target of NT$300 because of the company's uncertain outlook.

Struggling

Stock vs. index, six-month performance



Sources: Thomson Reuters Datastream (data); Associated Press (photo)



There are journeys that turn into legends.
Bahamas Islands. 10:07

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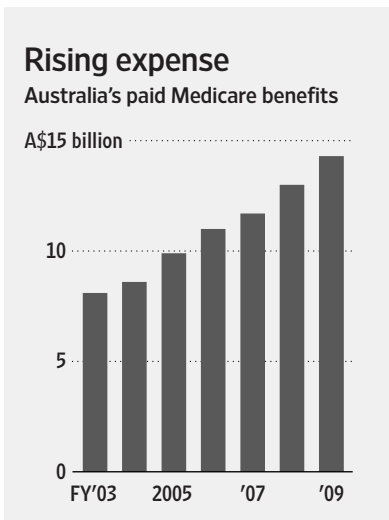


Reuters

A man leaves a government medical-care centre in Sydney.

Canberra health plan

Rudd proposes federal government take control of public hospitals

By Rachel Pannett

CANBERRA—Australian Prime Minister Kevin Rudd proposed that the federal government take over from the states majority responsibility for funding the country's public hospitals, laying the groundwork for a federal election campaign later this year fought on health care.

Mr. Rudd's proposal, if achieved, would be the biggest overhaul of the country's health care since the start of a universal health system in 1975. If successful, the overhaul would redirect around 50 billion Australian dollars (about US$45 billion) in funding away from states over the next four years.

But states could be reluctant to give up control over a key source of federal funding against a backdrop of serious budget constraints. Some complained the move doesn't increase spending that could help improve the system.

Facing a fall in voter support, according to recent opinion polls, and having so far failed to deliver on many of his campaign pledges, Mr. Rudd is likely hoping the long-overdue health plan—first promised in the 2007 election campaign—will strike a chord with voters and help to restore his popularity.

Under the current system, states allocate their federal health-care funding. With growing concerns that money is being squandered in the duplication of numerous state bureaucracies and because of lax standards, Canberra wants to be more proscriptive about how its money is spent. At the same time, Mr. Rudd ruled out any rise in goods-and-services taxes to fund the federal takeover.

The prime minister also promised to introduce tough new national health-care standards in an effort to increase efficiency and accountability.

"These changes will end the blame game, eliminate waste and shoulder the burden of funding to meet rapidly rising health costs," Mr. Rudd said Wednesday at a news conference. "I know health and hospital reform will not be easy. It never has been. It will be one of the hardest reforms that this government will tackle."

Like U.S. President Barack Obama, who is grappling to secure Republican support in his drive to remake the U.S. health-care system, Mr. Rudd could struggle to get the main conservative Liberal-National opposition on board. Opposition leader Tony Abbott warned the plan seems to add "an extra level of bureaucracy" to the health system.

Although welcoming a greater role for the federal government in health care, Mr. Abbott questioned the time frame, with the funding shift to local hospital networks not due to begin until July 2012.

"I think that the public are quite likely to conclude that this is really a fix for the election, it's not a fix for public hospitals," Mr. Abbott said.

State government lawmakers said they needed more time to assess the changes before deciding whether to support the federal overhaul. They also questioned the lack of new money to help solve severe bottlenecks in the public health-care system.

"It would seem that there is no new money for patients for at least four years," a spokesman for Victorian state health minister Daniel Andrews said. "The only way we can improve health care and provide better services to more patients even sooner is by investing more resources in health."

Under the plan, the federal government would bring together eight disparate state-run health-care systems and pay 60% of hospital costs by redirecting a third of all goods-and-services tax revenue into a new national health fund.

Hospitals would be run through community hospital networks, bringing together small groups of hospitals. The government would also take responsibility for all general practitioner and primary health-care services.

Mr. Rudd wants state and territory lawmakers to vote on the overhaul at a meeting of the Council of Australian Governments in Canberra mid-April. If states don't agree to the changes, Mr. Rudd said he would offer a referendum to voters.

—Enda Curran in Sydney contributed to this article

Kissel to face new murder trial

By Jonathan Cheng

HONG KONG—Prosecutors here will try to secure a second murder conviction against Nancy Kissel after the American expatriate's life sentence was quashed by Hong Kong's highest court last month.

Ms. Kissel's new trial, set to begin Nov. 1, reopens a dramatic case that attracted enormous attention in Hong Kong and around the world.

In 2005, Ms. Kissel was sentenced to life in prison on a conviction of murdering her husband Robert Kissel, a banker at Merrill Lynch. Prosecutors said Ms. Kissel served him a sedative-laced milkshake before beating him with a statuette and rolling him up in a carpet.

But Hong Kong's chief justice ruled last month that the original verdict was flawed. The chief justice said the judge relied on impugned evidence and gave misleading instructions to the jury, among other improprieties.

With the retrial, the 45-year-old Ms. Kissel, who remains in police custody, will have a fresh opportunity to convince a jury that she killed her husband in self-defense. In her original trial, Ms. Kissel testified she killed her husband, but she said she acted in self-defense after suffering years of physical and sexual abuse.

Hong Kong's chief justice ruled the original verdict in the so-called milkshake murder trial was flawed, saying the judge relied on impugned evidence.

The retrial is likely to focus, among other things, on Ms. Kissel's mental state at the time of Mr. Kissel's death.

Alexander King, an attorney for Ms. Kissel, declined to comment Wednesday on what tack the defense would take in a retrial.

Mr. King also declined to comment on the possibility of striking a deal on a reduced charge.

A member of Ms. Kissel's defense team had said after the Court of Final Appeal decision in February that Ms. Kissel could plead guilty to a lesser manslaughter charge.

Reuters

Nancy Kissel

Kevin Zervos, the government's lead prosecutor on the case said he filed a fresh murder indictment on Tuesday.

Mr. Zervos said a pretrial hearing would take place on June 28, with the retrial slated to last 50 days.

The original trial of Ms. Kissel, a Michigan native, became a focus of conversation in Hong Kong in part because of the lurid picture it painted of life lived by certain well-off expatriates in the world of high finance here.

Prosecutors said Ms. Kissel served her husband a drug-laced strawberry milkshake on the night of Nov. 2, 2003, before bludgeoning him to death.

Ms. Kissel says she can't remember all the details of what happened the night in question—only that she must have killed her husband, and did it to protect herself after he came at her with a baseball bat during a domestic dispute.

Days after the murder, Hong Kong police found the body of Mr. Kissel wrapped in a carpet and kept in a storeroom at the Kissels' luxury apartment complex.

During the original trial, Ms. Kissel described her husband as a violent cocaine user who forced her to perform abusive sexual acts that took a heavy toll on her psychological health.

Australia's growth hits its fastest pace in two years

By Enda Curran

SYDNEY—Australia's economy grew at its fastest quarterly pace in almost two years in the fourth quarter of 2009, confirming its place as one of the strongest-growing countries and ramping up pressure on the government to rein in economic stimulus at a faster clip.

Australia's average measure of gross domestic product rose 0.9% in the fourth quarter of 2009 from the third quarter, and was up 2.7% from the year-earlier period, the Australian Bureau of Statistics said Wednesday. Economists on average had forecast GDP rose 0.9% on a quarterly basis and 2.4% from a year earlier. It was the fastest quarterly growth since the first quarter of 2008. Treasurer Wayne Swan told reporters the pace of growth "is the envy of the world."

The strength of the economy confirms the Reserve Bank of Australia's suspicions that growth is well on its way to returning to a long-term average pace. It affirms the RBA's decision to aggressively increase rates between October and December, and points to further rises in the near term, economists said.

"Given some of the recent strong data, we may already be back at trend rates of growth," said Michael Blythe, chief economist at Commonwealth Bank of Australia. Australia's long-term growth rate is around 3%.

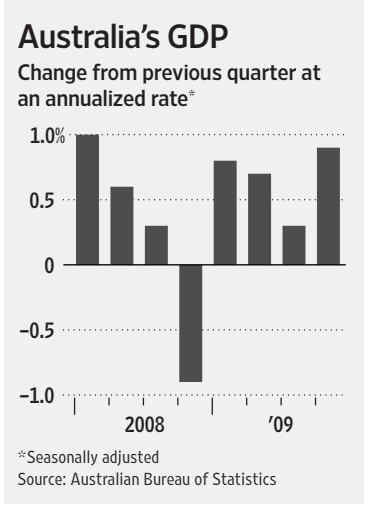
Strong business investment, a construction upswing, corporate profit growth and government spending boosted the economy in the fourth quarter, taking it well clear of the gloom that swamped international markets in the first half of 2009.

Mr. Blythe said the RBA will need to revise its medium-term forecasts for economic growth and possibly inflation following the data, bringing rate hikes closer.

The data help explain how the economy was able to create close to 200,000 jobs between August and January, which dragged unemployment down to 5.3% from around 5.8%, just above levels many consider to be full employment in Australia, he said.

The Australian dollar nudged higher on the report, as traders factored in an increased likelihood of more rate increases in coming months. With the economy heading back toward cruising speed, interest rates remain well below normal levels, at 4%.

"We continue to target 4.75% for the cash rate end year, with the next move from the RBA early in the second half of 2010. The key risk to our view is a faster-than-expected recovery in private demand in early 2010, and ongoing drop in the unemployment rate, that leads the RBA to lift rates more rapidly in the near term," said Scott Haslem, chief economist, Australia at UBS.



Singapore to discuss trade pact with EU

By Sam Holmes

SINGAPORE—Singapore's Ministry of Trade and Industry said Wednesday it will start negotiations with the city-state's largest trading partner, the European Union, on a free-trade agreement next week.

The first round of negotiations is scheduled to take place March 8-12 in Singapore.

The move follows the EU's announcement Tuesday that it will start free-trade negotiations with Vietnam. In December, the EU's member states approved moves by the union's trade commission to seek free-trade agreements with members of the Association of Southeast Asian Nations.

EU Trade Commissioner Karel De Gucht and Singapore Trade Minister Lim Hng Kiang met Wednesday to officially launch the talks.

Singapore has free-trade agreements with the U.S., Japan, India and Australia, among others.

"The proposed free-trade agreement will strengthen economic ties between Singapore and the EU, provide new opportunities for traders and consumers alike, and contribute to generating growth in our economies," Mr. De Gucht said. "For Europe, it will also mark an important stepping stone in the EU's engagement with the Asean region."

Singapore's government also said both trading partners have agreed to work closely at the World Trade Organization and "advance the conclusion of the Doha Round of negotiations."

Singapore, which has a hub-focused, open economy highly dependent on global trade, has free-trade agreements with several governments, including the U.S., Japan, India and Australia.

The EU is Singapore's largest trading partner, with bilateral trade at 86.8 billion Singapore dollars (US$61.86 billion) in 2009, or 11.6% of the island-state's total trade, Singapore government statistics show.

Singapore is the EU's 15th-largest trading partner and its largest among the 10 Asean member states.

"The EU is an important economic partner of Singapore," Mr. Lim said. "This FTA is a major undertaking and when concluded, will further strengthen the excellent economic relations between Singapore and the EU."

CIMB-GK regional economist Song Seng Wun said Singapore's open economy, transparent market structures, lack of agricultural sector and lack of "political baggage" will make negotiations relatively simple.

"You don't have to deal with farmers or many other lobby groups, so it's pretty straightforward for Singapore," Mr. Song said.

The initiative may also help the EU in its free-trade negotiations with other Asean nations by providing a framework for bilateral agreements, Mr. Song said.

Associated Press

Rep. Charles Rangel made a brief statement in Washington on Wednesday.

Rep. Rangel steps aside

WASHINGTON—Rep. Charles Rangel said he was temporarily stepping aside as chairman of the powerful House Ways and Means Committee.

In a brief, televised statement Wednesday, Mr. Rangel said he asked House Speaker Nancy Pelosi

*By **Naftali Bendavid**, **Greg Hitt** And **Brody Mullins***

for a leave of absence as chairman of the tax-writing panel until the House Ethics Committee completes its investigation into his tax and financial dealings. "From the very, very beginning, I have offered this to Speaker Pelosi," he said. He declined to answer questions.

The ethics panel recently admonished Mr. Rangel, a New York Democrat, for accepting an overseas trip that was sponsored by several corporations, a lapse he blamed on his staff.

He also faces inquiries regarding the payment of taxes on rental income from a house he owns in the Dominican Republic and on the use of rent-controlled apartments in New York, among other allegations.

Speaking from Capitol Hill, Mr. Rangel said he was temporarily leaving the post "to avoid my colleagues having to defend me" during the campaign season. Democrats ascended to power in 2006 in part based on a message that Republicans had become engulfed in a "culture of corruption."

Ms. Pelosi (D., Calif.) issued a statement Wednesday acknowledging Mr. Rangel's request for a leave.

The development came as Republicans were planning to bring to the House floor a resolution condemning Mr. Rangel for alleged ethical breaches.

Past attempts have failed as Democrats closed ranks around Mr. Rangel. House Republican aides said GOP leaders were still discussing whether to press forward with some form of the resolution, despite his announcement.

Mr. Rangel met late Tuesday with senior House Democrats, including Ms. Pelosi. The party leaders told Mr. Rangel they didn't think he had enough votes to survive a vote on the House floor, according to an aide.

The defections stem from the party's fear that it can't continue to defend even a powerful lawmaker in such a volatile political climate without paying a price. Democrats are facing the prospect of losses in the year's midterms, and even loss of control of one or both chambers.

In the meeting, Mr. Rangel, 79 years old, refused to quit as chairman of the panel and instead said he would think overnight about the matter.

After the one-hour meeting broke, Mr. Rangel told reporters he would stay on. "You bet your life," he said. Pressed further, Mr. Rangel, raising his voice, said emphatically: "Yes, and I don't lie to the press."

Michael Steel, a spokesman for House Minority Leader John Boehner of Ohio, said that Mr. Boehner has said "repeatedly that Chairman Rangel should do the right thing and step aside, given the array of ethics issues he faces."

—Patrick Yoest and Martin Vaughan contributed to this article.

Celebrating South Korea's Olympic skating success

Associated Press

South Korean President Lee Myung-bak, left, poses as a speed skater after receiving a pair of sunglasses as a gift from the nation's Winter Olympics skaters. With him, from the right, are gold medalists Kim Yu-na (figure skating) and Lee Sang-hwa (short track speed skating) and the president's wife, Kim Yoon-ok.

Indonesian lawmakers seek probe

By Joko Hariyanto And I Made Sentana

JAKARTA—Indonesia's Parliament on Wednesday recommended a criminal investigation into the country's top two economic reformers for authorizing a bailout of a small lender in late 2008.

The majority of the lawmakers, in a widely expected outcome, said the bailout of PT **Bank Century**, approved by Finance Minister Sri Mulyani Indrawati and Vice President Boediono, was unjustified and may have involved corruption at various levels.

"We will convey [the recommendation] to the president and the law enforcers for a followup," the parliament speaker Marzuki Alie said.

Any investigation likely would be carried out by police, state prosecutors and a government anticorrpuption commission, as outlined in previous hearings.

Despite the result, analysts said Parliament's recommendation has little legal consequence because Indonesian President Susilo Bambang Yudhoyono is expected to keep the two officials—widely credited with backing reforms to boost Indonesia's economy—in their current positions.

The Parliament's input is mainly symbolic, though analysts said it could become more significant if public concern over the case continues to snowball, putting pressure on the officials involved to resign.

The view of the majority who met in the proceeding attended by all Parliament members was one of two recommendations submitted Tuesday by a parliamentary special committee. It failed to reach a unanimous conclusion after conducting a months-long investigation into the bailout.

The other view was that the policy was necessary to prevent a wider crisis that might have taken place if the bank was closed.

Job losses slowed in U.S. last month

By Kathleen Madigan

Private payrolls shrank less than expected in February and layoff announcements dropped to their lowest level since 2006, data released Wednesday showed.

The private sector lost 20,000 jobs in the U.S. last month, according to a national employment report published by payroll giant Automatic Data Processing Inc. and consultancy Macroeconomic Advisers.

The February employment decline was the smallest since employment began falling in February 2008. ADP said the adverse weather had only a very small effect on the ADP report due to the methodology used to construct it.

Separately, the U.S. nonmanufacturing sector expanded faster than expected in February, according to data released by the Institute for Supply Management. But the report showed employment within the broad sector was still contracting.

WORLD NEWS

Chile earthquake shifts Earth's axis

Aid begins arriving in devastated areas amid growing complaints about the government's slow response

By Gautam Naik

The earthquake that struck Chile was so powerful it shifted the planet's axis enough to make it spin slightly faster, meaning our days will be shorter by 1.26 millionths of a second, according to preliminary calculations by scientists at the National Aeronautics and Space Administration.

"This is an esoteric effect that physics says has to happen," notes David Kerridge, the British Geological Survey's head of natural hazards, who studies earthquakes. "It's interesting, but it has no particular consequence on anything."

Scientists have long noted that just about any event that shifts a large amount of mass from one part of the planet to another will have a tiny—and sometimes measurable—effect on the Earth's rotation. Such events include changes to ocean currents, big shifts in the atmosphere, earthquakes, and possibly even the creation of more and more reservoirs from the damming of rivers.

The 8.8-magnitude temblor that struck Chile on Saturday is one of the largest quakes in a century. It was the result of an ocean tectonic plate—a shard of the earth's crust—sliding under the South American plate; over time, the two became locked together. When the pent-up energy overcame the forces of friction and the South American plate sprang upward, it unleashed a huge amount of energy in the form of the quake.

Associated Press

Chilean soldiers arrest a suspected looter on Tuesday at a market in Hualpen, near Concepción.

The planet was jolted to its roots. A chunk of the Earth's mass was redistributed vertically, which caused the planet's figure axis—on which the Earth's mass is balanced—to move by about eight centimeters, according to calculations by NASA scientist Richard Gross. The net effect of that mass redistribution made the earth spin slightly faster, just as a figure skater speeds up when she pulls in her arms.

"It's important for us to know how the earth's rotation changes," said Dr. Gross, of NASA's Jet Propulsion Laboratory. "It helps us figure out where a spacecraft is and to navigate it for a precise pinpoint landing" on Mars, the moon or another planet. Dr. Gross and his colleagues had conducted a similar analysis following the even bigger 9.1-magnitude quake in Indonesia. They found that the 2004 temblor decreased the length of a day by 6.8 microseconds and shifted the North Pole by a few centimeters.

Earthquakes have been gradually changing the shape of the earth as well. Calculations suggested that the earth's oblateness—the way it is flat on top and bulges at the equator—had decreased by a tiny amount following the Indonesian earthquake. In other words, the world is getting slightly rounder.

Dr. Gross said that though the Chilean quake was less powerful than the 2004 Indonesia temblor, it likely changed the position of the figure axis a bit more. (The planet's figure axis is separate from the north-south axis; they are about 11 meters apart.)

The vertical redistribution of mass caused by the Chilean quake had a slightly greater impact in shifting the figure axis because the quake happened near the mid-latitudes, NASA concludes. Plus, the fault in Chile dips into Earth at a slightly steeper angle, which again has a greater effect on shifting the figure axis.

The Haiti quake, by contrast, didn't make the Earth wobble in quite the same way, according to Dr. Kerridge. The Haiti quake was caused by one tectonic plate sliding past another, not above or under it. "There was almost no vertical movement there when the quake happened, so you wouldn't expect the same effect," says Dr. Kerridge.

Meanwhile, aid began arriving in devastated areas on Tuesday amid growing complaints the government was slow to respond to the earthquake—prompting many Chileans to take stock of how one of Latin America's most developed countries measured up in a time of crisis.

The army was greeted with cheers as it trucked five million combat rations into the southern town of Concepción, Chile's second-largest city. But water was still scarce, betraying the relief effort's real limits nearly four days after the temblor.

In some places, residents phone in a fire, said Miguel Reyes, president of Chile's firefighters' association. When crews arrive, they are surrounded by desperate people—who take over their trucks and siphon off the water. "In some areas, we don't go anywhere without police or military protection," Mr. Reyes said.

Concepción's streets were empty Tuesday, a day after looters pillaged and torched stores while residents formed armed vigilante groups to protect their property. The government responded by declaring a curfew for southern towns on Sunday night, extending it to 18 hours on Tuesday. Chile on Monday began accepting international material assistance but it hasn't yet called in waiting international search-and-rescue teams.

Some 1.2 million homes have been damaged and two million people are displaced, officials said. The government revised its death toll up to 795.

—Paulo Prada and Matt Moffett contributed to this article.

Global aid is no relief for small Haitian businesses

By David Luhnow

PORT-AU-PRINCE, Haiti—Business for Ilia Alsene, one of Haiti's ubiquitous merchants who sell food and beverages at curbside stalls here, is a lot worse since the country's devastating earthquake. But Ms. Alsene doesn't blame the quake so much as the international relief effort that followed.

"I have fewer customers now because they are handing out free food down the street," says the 52-year-old, pointing to the nearby Champs de Mars plaza where aid organizations regularly hand out food to tens of thousands of people camped there in tents.

After the Jan. 12 quake, which killed as many as 300,000 people, the world launched a massive relief effort to bring food, water, medicine and other supplies to needy Haitians. The U.S. has spent more than $665 million, official figures show.

But only a tiny fraction of that money is being spent in Haiti buying goods from local businesses. The aid is having the unintended consequence of making life harder for many businesses here because of competition from free goods brought in by relief agencies.

The damage to Haitian companies is making it harder for them to get back on their feet and create the jobs the country needs for a lasting recovery.

U.S. officials acknowledge that the aid effort has bypassed local businesses, but say the scope of the disaster made getting relief supplies in quickly a priority. They also say they will be buying more products from Haiti as the relief effort shifts to longer-term rebuilding.

Alex Zamor's drinking-water factory is operating again at near full capacity after suffering damage from the earthquake. But he still hasn't rehired 200 employees at the factory because sales are so weak. He blames free water handed out by the relief effort. "Of course we welcome the relief, but nobody wants to buy water if there's free water on the streets," he says.

Mr. Zamor says international relief agencies should be sourcing more of their products for the relief effort from Haiti. "We should be helping Haitian companies instead of companies in Florida," he says.

In most disaster relief, only a tiny fraction of aid money goes through the local government. And as little as 5% of the budgets of humanitarian agencies is spent locally in the countries they help, according to Peace Dividend Trust, a Canadian nongovernmental organization.

"Every dollar that is spent locally is a dollar spent twice, because it will help create the jobs that Haiti needs to recover," says Marlene Otis, the Haiti country director for Peace Dividend Trust.

Julie Platner for The Wall Street Journal

Ilia Alsene, seen selling food in Port-au-Prince, says free-food handouts near her stall have hurt her business.

Tom Adamson, a transplanted Canadian, runs one of only two mattress companies in Haiti. Three of his 10 retail stores around the country were destroyed and his factory suffered minor damage. But he says the biggest effect from the quake has been increased competition.

In the weeks after the temblor, a mattress company in the Dominican Republic sent 10,000 mattresses for the relief effort, getting import duties at the border waived. U.S. officials say nearly all relief supplies don't get charged import taxes.

Meanwhile, Mr. Adamson's mattress company has a container of chemicals used to make foam mattresses stuck for months in Haitian customs, where he is still being asked to pay import taxes.

"Things like this make it very hard for me to compete," he says.

Officials at the U.S. Agency for International Development, which is running the relief effort for the U.S. government, say many Haitian businesses were on their knees following the quake and in no shape to handle orders. Quality is another consideration, and products such as plastic tarpaulins are being purchased in the U.S. because they can better withstand Haiti's rainy season, said Carleene H. Dei, AID's Haiti mission director.

But she said the scope for local businesses to participate as suppliers and contractors in the rebuilding will grow significantly.

"We are very cognizant of the fact that the way to develop Haiti is to work with local organizations," said Ms. Dei, who sleeps in a cot in her office because her home was destroyed in the quake. "We are making every effort to do that."

AID has been mandated by the U.S. and Haitian governments to use local suppliers and expertise as much as possible. One hurdle is AID's strict regulations, which call for dealing with companies that have a proven track record and transparency. That makes it more difficult to deal with smaller Haitian firms, many of which don't have outside auditors, for instance.

—José de Córdoba and Ianthe Jeanne Dugan contributed to this article.

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WORLD NEWS

Pakistan to get U.S. laser-bomb kits

US Navy

U.S. Navy personnel handle a laser-guided bomb on an aircraft carrier.

By Yochi J. Dreazen

WASHINGTON—The Pentagon will transfer sophisticated laser-guided-bomb kits to Pakistan, escalating the Obama administration's recent push to better arm Islamabad for its military campaign against the country's Islamic militants.

U.S. military officials said Pakistan will soon receive equipment capable of converting 1,000 traditional munitions into "smart bombs" that can more precisely strike targets on the ground.

American officials hope the reconfigured bombs will help Pakistan minimize civilian casualties as it battles insurgents in the country's tribal regions.

Pakistan will also soon take possession of a dozen American-made surveillance drones and 18 late-model F-16 fighter jets, sharply expanding the Pakistani military's ability to track and strike targets in remote, insurgent-controlled parts of the country.

The laser-guided-bomb kits could spark some unease in India, where officials have been warily watching the expanded U.S. military aid to Pakistan and wondering if the weapons would one day be turned against them. India lobbied against recent U.S. legislation giving Pakistan billions of dollars in new non-military aid, though the measure passed anyway.

The Indian reaction to the planned American F-16 sale to Islamabad was far more muted, in part because India's air force is far larger than Pakistan's and employs more-advanced planes.

Providing advanced munitions to Pakistan would once have aroused fierce opposition within the U.S. Congress, where powerful lawmakers from both parties have questioned Islamabad's willingness to take tough measures against the country's militants.

Washington has also long charged that elements in Pakistan's intelligence service maintain close ties to the Afghan Taliban, an accusation Islamabad denies.

But the new weapons transfers are unlikely to spark much controversy in Washington, a reflection of how much the concern about Pakistan has ebbed in recent months as Islamabad deepens its military and intelligence cooperation with the U.S. In mid-February, Pakistani and American intelligence operatives jointly captured Mullah Abdul Ghani Baradar, the top military commander of the Afghan Taliban.

Islamabad has also tacitly allowed the U.S. to sharply expand its campaign of drone missile strikes against insurgent targets inside Pakistani territory.

Pentagon spokesman Geoff Morrell last week praised Pakistan for mounting a serious campaign against the militants operating along the porous Afghan-Pakistani border. U.S. officials say they believe the leadership of both al Qaeda and the Afghan Taliban are hiding in Pakistan, with several top officials allegedly operating out of the Pakistani city of Quetta.

"The commitment that the Pakistani government, the military, its intelligence forces have demonstrated over the past several months to combating this threat within their midst is commendable," Mr. Morrell said. "We are here to help them in any which way they are comfortable."

The clearest example of that assistance is the stepped-up U.S. military aid to Pakistan. A new American counterinsurgency assistance fund for Pakistan is slated to increase to $1.2 billion in fiscal year 2011 from $700 million in fiscal year 2010, allowing Islamabad to acquire more U.S.-made helicopters, night-vision goggles and other military equipment.

Pakistan, which is smaller and poorer than neighboring India, uses American grants to fund most of its arms purchases.

The smart bombs should help Pakistan expand its military offensive in the insurgent stronghold of South Waziristan.

The laser-guided munitions can be dropped from Pakistan's current fleet of U.S.-made F-16 fighter jets, allowing Islamabad to improve the accuracy of its bombing runs while it waits to take possession of new F-16s later this year.

"This is sort of a short-term discussion, but it's one that's important to them because they're involved in current operations right now," Air Force Secretary Michael Donley said Tuesday.

Lt. Col. Jeffry Glenn, an Air Force spokesman, said Pakistan will receive 700 kits capable of converting 500-pound traditional bombs into laser-guided munitions, as well as 300 kits that can be used with larger 2,000-pound bombs.

The kits, which are made by **Lockheed Martin** Corp. and **Raytheon** Co., contain computerized guidance systems for the fronts of the bombs and fins that are designed to be attached to the backs of the munitions for better lift and stability.

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WORLD NEWS: U.S.

The Californization of Washington

[Capital]

By David Wessel

California's economy is large, rich and vibrant. It accounts for more than $1 of every $7 of goods and services produced in the U.S. and is bigger than all but seven countries. California has less taxpayer-backed state debt per person than Massachusetts, according to rating agency Standard & Poor's.

By such measures, California, though hit hard by the recession and housing bust, would seem an unlikely candidate for a government that might not pay its debts. But it is, the result of a dysfunctional political system that combines well-financed referendums, super-majorities in the legislature and politicians unable to grapple with fundamental issues. Talk, now fading, is that only a constitutional convention can fix things.

The future, it's often said, arrives in California first. Is Washington next? The stalemate over health-care legislation, despite widespread acknowledgment that the status quo is unsustainable, underscores the inability of the political system to cope with complex, long-term fiscal issues. Call it the Californization of America.

Today's big budget deficit is not the problem. It is swollen by following the textbook prescription in a deep recession in which the Federal Reserve has cut interest rates to zero. The government-borrowing surge has been matched by a decline in private borrowing.

But this won't last. The recent past is reassuring, falsely so. Over the past 40 years, the U.S. government has expanded benefits and avoided massive tax increases by cutting defense spending and borrowing heavily with ease. That is no longer feasible. When deficits grew uncomfortably large, congressional and White House deal makers emerged to alter course. They always muddle through, the markets and the public concluded.

Today, the deficits projected are bigger than ever, baby boomers are retiring, health-care costs keep rising and, surely, we're closer to the day when Asian governments grow reluctant to lend ever-greater sums to the U.S. Treasury at low rates.

The Congressional Budget Office projects current policies would take the deficit from today's 10% of gross domestic product to over 20% by 2020 and over 40% by 2080. Yet today's politics appear more toxic, and the ranks of congressional leaders with the skill and desire to fashion compromises instead of talking points are depleted.

So what happens? One possibility is a political miracle: A sudden attack of leadership or bipartisanship, perhaps the rise of another Ross Perot to galvanize public angst about deficits. Another is a plunge in the U.S. dollar or spike in bond-market interest rates that spurs government belt-tightening, perhaps forcing spending cuts and tax increases before the economy is strong enough to take them.

It could be worse. "A far worse situation would be for interest rates to stay low while we accumulated unprecedented amounts of debt only to respond very suddenly when financial markets or foreign lenders decide that the U.S. is not a good credit risk," Leonard Burman of Syracuse University and economists from the Urban Institute told a recent conference at the University of Southern California. "That could produce a catastrophic financial meltdown, similar to the one triggered by the bursting of the housing market boom, but with one important difference....The [U.S.] government will not be able to borrow to deal with its effects."

Imagine this plausible scenario: Public confidence in government continues to decline. Unemployment remains high. Americans demand more government services.

In this scenario, even deficit-fearing politicians avoid taking on the long-term deficit.

The challenge isn't coming up with options. The CBO has a book full of them. It's arithmetically possible to eliminate the deficit exclusively by cutting spending. Wisconsin Republican Rep. Paul Ryan's Roadmap does. But there's no political majority for those proposals. It's arithmetically possible to eliminate the deficit by raising taxes, but the resulting tax rates would be politically and economically devastating.

The challenge is fashioning a compromise that both solves the problem and is politically viable.

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WEALTH

Small fashion house sets pattern in Milan

Marni couples furs and leathers with wool or denim, as it keeps lid on cost of luxury

By Christina Binkley
And Christina Passariello

MILAN—**Marni** has long been a go-to clothing line for fashion editors, known for its modern-geometry prints as well as mixes of fabric, leather and fur.

Signature looks, such as a broad swath of lamb pelt along the angled bottom of a wool coat, are a staple for the Italian brand. It's possible to sit at another house's fashion show and count dozens of Marni pieces worn by attendees.

Now, just as the current studded motorcyle-jacket trend is often attributed to **Balmain**, and as **Marc Jacobs** jump-started the 1980s power-shoulder trend of recent years, there have been signs in Milan and New York of the sort of mixed-media clothing that Marni is known for. It's a look that has benefits for fashion brands, both because it incorporates inexpensive materials into what would otherwise be far more expensive garments and because the clothes can then be sold as more versatile.

At Milan's runway shows, **Gucci**, **Bottega Veneta**, **Fendi**, **Jil Sander** and **Roberto Cavalli** have shown looks such as coats with leather or fur at the bottom, or jackets and dresses that use contrasting materials such as fur and wool—or wool and leather—along the shoulders and neck, or sleeves.

In fact, the mixed-materials look has been one of the big trends for the fall 2010 runways. **Gianfranco Ferre** shows a knit sweater dress with leather shoulders, neck and sleeves, and a wool coat with fur sleeves, for instance, and a wide leather waistband. Versace mixed ribbed fabric with knitted yarn in a sweater dress, and showed a pair of leather and denim pants.

There are advantages to designers mixing their media. Putting fur arms on a leather motorcycle jacket, as Frida Giannini did at Gucci this week, reduces the cost of the garment compared with a full-fur jacket, as well as its ultimate price to consumers. Designers have been intent on paring costs during the past 18 months—under pressure from retailers and also because their own sales have fallen drastically.

The mixed media also create pieces that are more versatile because they cross a bridge between formal and casual.

"After the economic crisis, consumers want pieces that can go easily from daywear into eveningwear," says Lavinia Biagiotti, vice president of **Laura Biagiotti**, an Italian women's fashion brand.

The technique has certainly worked for Marni. The closely held company's sales were flat last year at €110 million, or about $150 million—which can be considered a success in the midst of an economic crisis when business that drove houses including Gianfranco Ferre and Christian Lacroix into bankruptcy proceedings. Marni expects sales this year to grow 10%, says Gianni Castiglioni, the company's chief executive and husband of Marni designer Consuelo Castiglioni.

U.S. sales were up 20% in January and February, he said. With 90 stores globally, they're opening new boutiques this year in Singapore and China. For the past year, they've also been testing a lower-priced "diffusion" line in Japan, called Edition, which is aimed at consumers who are slightly younger than Marni's 35-to-55 age range. Marni plans to launch the first Edition store in Japan later this year.

Marni's show came toward the end of Milan's fashion week, the third week in a month of runway shows at which designers display the collections that will appear in stores next fall.

At other shows, **Missoni** sported a collection of chunky knitwear—the most arresting looks based on patchwork patterns that had a bohemian result. Thick-knit skirts were held closed with big pins, like kilts, and capes were often layered over underlayers of knits.

Gucci was surprisingly subdued, given designer Frida Giannini's penchant for hippy and world-trek looks. This season, the focus was on luxury tailoring and materials—and on the mixed-media look—with ostrich, suede and leather used together in one coat.

Roberto Cavalli shrugged off the trend for pared-down fashion and pursued his decadent style. When he worked in a mixed--media item, it came in the form of a black-and-gold tapestry vest with a wide band of black fur around the waist. He paired flat, snakeskin sandals with floor-length silk gowns to evoke a gypsy feel.

Jil Sander worked prints into its neatly tailored collection of dresses, skirt suits and jumpsuits. Designer Raf Simons, known for experimenting with new fabrics, replaced the side and arm of a black wool overcoat with pieces of a stretchy pink material. Black panels on the sides and underarm of a gray pinstriped blazer produced a slimming effect.

One of the week's highlights was the **Dolce & Gabbana** show, where the backdrop was a film showing tailors and seamstresses laboring over clothes in the firm's Milan workroom, with close-ups of pins and scissors being worked through the clothing.

Like other brands this season, Dolce & Gabbana was reminding viewers of its heritage in fine tailoring—a response to the economic crisis and consumers' reluctance to spend money on expensive clothing. Signs backstage drilled in the show's themes: "quality, heritage, tailoring, sensuality, artisanship."

WSJ.com

Online today: For complete Milan fashion week coverage, go to **WSJ.com/Runway**

(Left to right) Associated Press, Getty Images, Reuters

Marni's chief executive, Gianni Castiglioni, and designer, Consuelo Castiglioni, above. At left, a look from Marni's runway show in Milan on Sunday.

Gianfranco Ferre presented his fall 2010 collection Friday..

Cynthia Larson/CP Larson Photography

Sand Hill Advisors staffers, from left to right: Brian Dombkowski, chief investment officer; Sara Craven, senior portfolio manager; Jane Williams, chief executive officer; and Tyler Scott, senior portfolio manager

Bracing for an increase in U.S. interest rates

These advisers have trimmed their fixed-income exposure, but still own several bonds

By Shefali Anand

Bonds could be among the worst-performing investments this year, says Jane Williams, chief executive officer of wealth-management firm **Sand Hill Advisors** LLC in Palo Alto, Calif. Ms. Williams expects that bond prices—which move inversely to interest rates—will fall later this year as rates rise in the U.S.

"We don't have great expectations from the fixed-income side of [clients'] portfolios," says Ms. Williams.

She says that while the Federal Reserve is being careful about not raising interest rates too soon—lest it stymie the nascent economic recovery—rates can't stay forever at their current near-zero levels, as that could cause inflation.

This column focuses on model portfolios from prominent financial advisers who invest primarily in mutual funds and exchange-traded funds.

Ms. Williams co-founded Sand Hill in 1982, and the firm now manages around $1 billion for very wealthy individuals, as well as foundations and endowments. Ms. Williams has been named in a list of top financial advisers in the U.S. by Barron's magazine (published by News Corp.'s Dow Jones & Co., which also publishes The Wall Street Journal).

The advisers at Sand Hill note that investors who have been piling into bonds lately should not expect a repeat of last year's double-digit returns.

The average intermediate-term-bond mutual fund gained 14% in 2009, while riskier funds that focus on junk bonds and emerging-market bonds gained an average of 47% and 32%, respectively, according to Morningstar Inc.

At Sand Hill, advisers have been expecting an interest-rate increase since late 2008, given the Fed's low benchmark rate. This year, the advisers expect bonds to provide single-digit or even negative returns, depending on how much interest rates rise. (It's possible that prices will fall, but that those losses will be smaller than the interest paid by the bonds, producing small positive total returns.)

Last fall, Sara Craven, a senior portfolio manager, cut back on clients' exposure to junk bonds, which she had bought in late 2007. After their double-digit returns, Ms. Craven felt they had run their course. She cut back on foreign-bond allocations for the same reason.

In recent weeks, both of these types of bonds have fallen in price as investors have shied away from risk, such as the escalating financial troubles in Europe.

Here, the advisers share a balanced portfolio for clients with a moderate risk appetite. It returned 25% for the year ended Dec. 31, and 3% annualized for the five years ended that date.

U.S stocks: Ms. Williams is optimistic about stocks for the year, but says "there's going to be choppiness." She adds, however, that this volatility is selectively creating some opportunities to buy stocks.

The model portfolio currently has an allocation of 41% to U.S. stocks, using a combination of actively managed mutual funds, where a fund manager makes bets on stocks that he thinks will beat the market, and passive funds, which don't aim to beat an index.

The advisers believe that some parts of the stock market, like shares in large U.S. companies, are "efficient," meaning there aren't too many price discrepancies that can be seized. The advisers figure it's best to get exposure to these markets through an index fund or ETF, or another passive fund, which is typically much cheaper than an actively managed fund. They use several funds from Dimensional Fund Advisors, an Austin, Texas, firm that uses computerized screening to identify groups of shares with certain risk and return metrics.

The portfolio's 28% allocation to U.S. large companies is in the **DFA U.S. Large Company** fund. For clients with more than $1 million in assets, which is the majority of Sand Hill clients, the advisers currently invest half of the large-company allocation into a portfolio of 20 to 30 individual, dividend-paying stocks, which they believe will perform better than the broad market.

For their allocation to midsize and small companies, the advisers invest 5% each in the **iShares S&P MidCap 400 Index** ETF and **DFA U.S. Small Cap**. Since the advisers believe there are some inefficiencies in small-company stocks, they also use an actively managed fund, **Longleaf Partners Small-Cap**, which gets 3%.

Foreign stocks: The 13% allocation to foreign stocks is devoted to DFA funds that focus on buying cheap, or "value," stocks. The advisers put 7% in large- company stocks of developed countries, through **DFA International Value**, and 3% each in **DFA International Small Cap Value** and **DFA Emerging Markets Value**. Ms. Williams hopes to increase the overall allocation to foreign stocks in the future.

Bonds: The portfolio's current 30% allocation to bonds is on the lower end of the advisers' allocation range for this asset class. When Sand Hill's advisers are bullish on bonds, the allocation can be as high as 39%.

Twelve percent of the overall portfolio is split between funds that buy high-quality intermediate-term bonds, **Pimco Total Return** and **Vanguard Total Bond Market Index**. An additional 6% goes to **Vanguard Short-Term Investment-Grade**, which buys short-term bonds. The portfolio also has 4% in an ETF that buys Treasury inflation-protected securities, **iShares Barclays TIPS Bond**. There is a 4% allocation to junk bonds, made through **Pimco High Yield**. Another 4% is allocated to foreign bonds, split between **BlackRock International Bond** and **Pimco Emerging Local Bond**.

The advisers didn't completely eliminate their allocations to junk bonds and emerging-market bonds, because these pay higher coupons than high-quality U.S. bonds. Also, foreign bonds provide currency diversification. (Two percent of the portfolio is in cash.)

Alternative investments: This allocation has gone up over the years and now stands at 14%. In recent years, the Sand Hill advisers have started using some mutual funds that aim to perform like hedge funds.

The advisers expect these funds to earn returns in the mid to high single digits, but with less risk than the broad stock market. They could be an "imperfect surrogate to fixed income," says Tyler Scott, a senior portfolio manager.

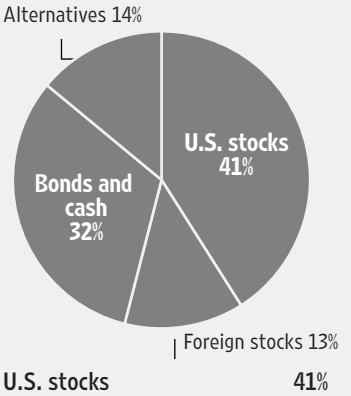
The portfolio has 4% in such funds, divided between **Arbitrage Fund**, which bets on mergers and acquisitions, and **Goldman Sachs Absolute Return Tracker**, which aims to replicate the returns of a hedge-fund index by investing in instruments like derivatives and ETFs.

The remaining 10% alternatives allocation is in real estate and commodities. The advisers put 3% in **DFA Real Estate Securities** and 2% in **DFA International Real Estate Securities**.

For the 5% commodity allocation, the advisers hold 3% in **Pimco CommodityRealReturn Strategy**, which invests in commodity futures and other such instruments, and 2% in **RS Global Natural Resources**, which buys stocks of companies involved in commodities.

Dividing up the money

A model portfolio of Sand Hill Advisors



U.S. stocks	41%
DFA U.S. Large Co. (DFLCX)	28
iShares S&P MidCap 400 (IJH)	5
DFA U.S. Small Cap (DFSTX)	5
Longleaf Partners Small-Cap (LLSCX)	3
Foreign stocks	**13%**
DFA Intl. Value (DFIVX)	7
DFA Intl. Small Cap Value (DISVX)	3
DFA Emerging Markets Value (DFEVX)	3
Bonds and cash	**32%**
Pimco Total Return (PTTAX)	6
Vanguard Total Bond Market Index (VBMFX)	6
Vanguard Short-Term Investment-Grade (VFSTX)	6
iShares Barclays TIPS Bond (TIP)	4
Pimco High Yield (PHDAX)	4
BlackRock Intl. Bond (BIIAX)	2
Pimco Emerging Local Bond (PELAX)	2
Cash	2
Alternatives	**14%**
DFA Real Estate Secs. (DFREX)	3
DFA Intl. Real Estate Securities (DFITX)	2
Pimco CommodityRealReturn Strategy (PCRAX)	3
RS Global Natural Resources (RSNRX)	2
Arbitrage Fund (ARBFX)	2
Goldman Sachs Absolute Return Tracker (GARTX)	2

Note: Retail share classes shown, where possible. Advisers often use institutional shares. Allocations have been rounded off

Santos

Rogério Ceni, goalkeeper for São Paulo, falls victim to a 'paradinha,' a Brazilian tactic for penalty shots where a shooter pauses during his kicking motion. In this case, the shooter was Neymar, of the Brazilian club Santos, in a match early last month.

Should this soccer move be banned?

The Brazilian penalty-kick 'paradinha' has some pitching a fit; 'this 'stopping' must be stopped,' says FIFA

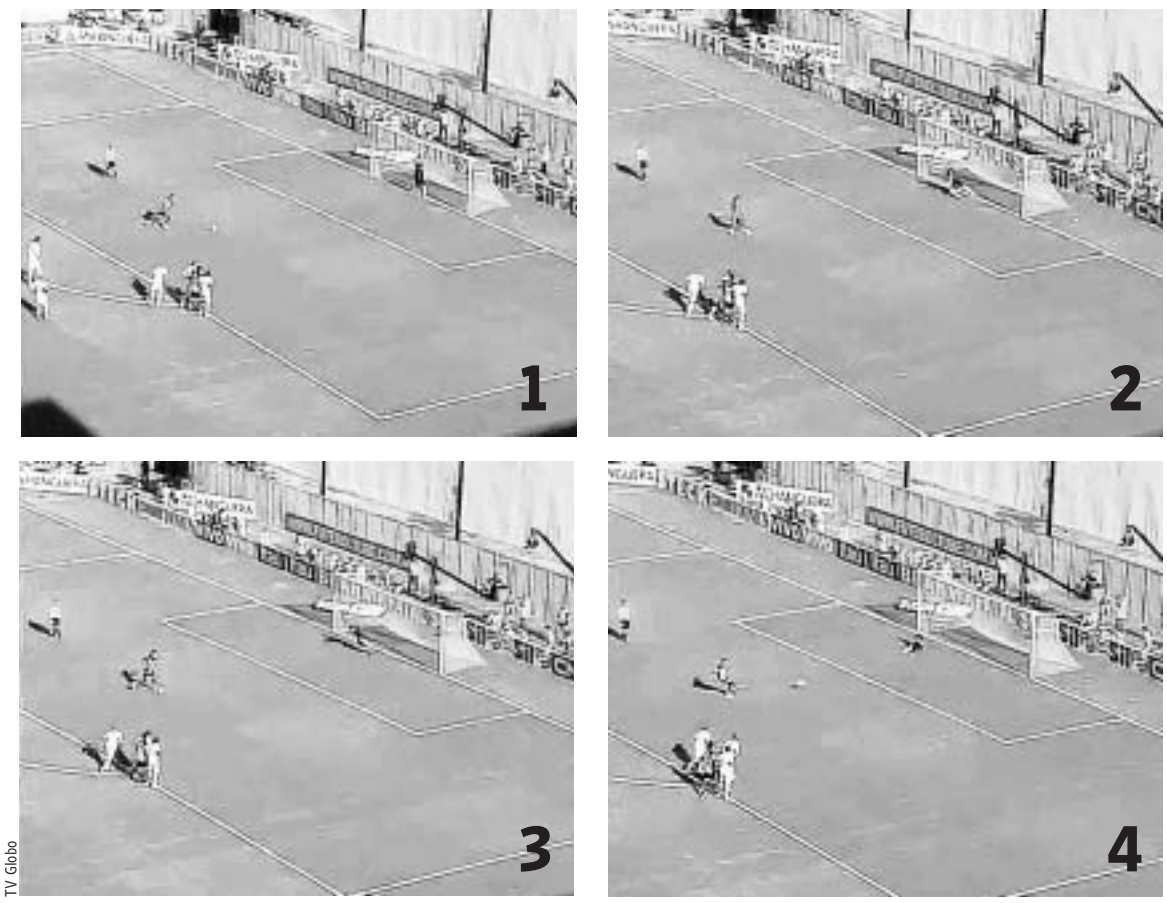
By Hannah Karp

Here's the thing about soccer: When it comes to innovation and creativity, there's Brazil and then there's everybody else. To stop the Brazilians, you can try to overwhelm them *(good luck with that)* or try to steal their techniques. If that doesn't work, all you can do is change the rules. This weekend in Zurich, as it makes final preparations for June's World Cup, soccer's main rule-making body will discuss the latest controversial bit of Brazilian magic: a devastating penalty-kick maneuver known as the paradinha.

The tactic, which in Portuguese means "little stop," was first popularized by Pelé in the 1970s but has recently been adopted, and sharpened, by many leading Brazilian players and by an increasing number of stars from other countries, like Portugal's Cristiano Ronaldo. The paradinha (pronounced par-a-JEEN-ya) is performed on a penalty kick by the shooter, who pauses unexpectedly before striking the ball—or even swings his foot through the air several times—before making contact. It's designed to throw off the goalkeeper's timing. When executed properly, the move can have jawdropping results.

Last month in a Brazilian professional game against São Paulo, an 18-year-old striker for Santos, whose name is Neymar, lined up to take a penalty kick. He began jogging slowly up to the ball, then suddenly accelerated his pace, then stopped abruptly, almost backpedaling. São Paulo's goalie, Rogério Ceni, jumped off his feet toward his right side, leaving Neymar, who has been dubbed by some as "the new Pelé," free to kick the ball into the opposite lower corner for an easy goal. The striker, who is being courted by a slew of European teams, high-fived a teammate and celebrated with a short samba dance as the crowd went wild and the announcers screamed: "Paradinha! Goooool!"

"He should take advantage of doing this while it's still permitted in Brazil, because when he goes to Europe he won't be able to do it," Mr. Ceni, the goalkeeper, said after the game, complaining that Neymar's paradinha was more of a "paradão," meaning "big stop."



TV Globo

Neymar's goal against Mr. Ceni of São Paulo, frame by frame: top left, Neymar begins his approach; top right, he stops short, causing Mr. Ceni to dive to his right; bottom left, Neymar restarts his kicking motion; bottom right, he fires the ball to the other side of the net.

Several days later, Fred, the star striker for the Rio de Janeiro-based club Fluminense, took the move to the extreme, stuttering on the run-up to several penalty kicks in a game against Vasco da Gama, another Rio team. On one occasion Fred came to a screeching halt before extending his foot over the ball as if to kick, sending the goalie diving to his right before Fred kicked the ball toward the other side and scored. "Only in Brazil!" tweeted Kaka, a Brazilian superstar who plays for Real Madrid. Kaka pointed out to his Twitter followers that the paradinha puts the goalie at a clear disadvantage.

The move isn't prohibited by current rules of FIFA, and the international governing body says the earliest it could change or clarify the penalty-kick rule would be next year. But it will be up to each referee to decide whether to permit the move at the World Cup when it begins in South Africa in June, or whether to punish the maneuver as "unsporting behavior." Already some powerful forces have spoken out against it. "This is cheating," said FIFA President Joseph Blatter, talking about the paradinha at a meeting in Rio in September. "This 'stopping' must be stopped."

Trickery has long been an integral part of soccer in Brazil, where players, coaches and fans generally prize creativity and cunning over brute force. Some historians trace Brazilian soccer's history of innovation and showmanship to the late 1800s, when slavery had just been abolished and black players preferred to outwit their white opponents rather than touching them, fearing that physical contact could rankle racist fans.

The term was coined when Pelé used the maneuver—albeit with more subtlety than today's players—during the World Cup in 1970, though the 69-year-old star has since admitted he simply copied the move from the late Didi, one of Brazilian soccer's most creative minds, who famously disdained physical contact and believed the ball should do the work, not the player. The paradinha only began its recent surge in popularity after an international rule change in 1997 that allowed goalkeepers to move laterally along the goal line before the penalty kick is taken, which is from about 11 meters away. With goalies suddenly more jumpy, Pelé's old trick became far more effective and helped kickers to use the goalies' new freedom of movement to their own advantage.

The technique can backfire, especially for players who employ it too often. Mr. Ronaldo, while playing for Manchester United, couldn't make Chelsea goalkeeper Petr Cech flinch during the shoot-out phase of the 2008 UEFA Champions League Final. While Mr. Ronaldo stopped as if to kick, Mr. Cech waited calmly for the flustered Portuguese star's real shot and was able to block it.

Outside of Brazil, referees unaccustomed to seeing the move are less forgiving. In a match between Brazilian club Palmeiras and the Argentinos Juniors two years ago, a Colombian referee chastised Brazilian midfielder Diego Souza for fooling the goalie and punished the Rio native with a yellow card. Even though the laws of the game clearly state that "feinting to take a penalty kick to confuse opponents is permitted," there has been much confusion over the years surrounding the legality of deception in soccer. A FIFA spokesman says that its rules committee spent much of the early 1980s discussing "ungentlemanly conduct at the taking of a penalty kick," only to discover in 1985 that all the discussion had been based on the "wrong assumption [by FIFA referees] that feigning was an offence." (The issue was promptly dropped.)

But the misconception is still so widespread that it has largely curbed the spread of the paradinha beyond Brazil's borders. The three Brazilian players of Major League Soccer's Los Angeles Galaxy, who are on loan from São Paulo this season, said last month they were under the impression that feinting was illegal outside of Brazil and said they would never try it in the U.S. Nelson Rodriguez, MLS's executive vice president of competition, says he personally finds Brazil's current use of the paradinha "excessive," but he adds that soccer's stylistic differences should be celebrated. "It's the beauty and mystery of the game," he says.

WSJ.com

Online today: See what the fake penalty kick looks like at **WSJ.com/Video**

Abuse of Power

A string of electoral defeats and the great unpopularity of ObamaCare can't stop Democrats from their self-appointed rendezvous with liberal destiny—ramming a bill through Congress on a narrow partisan vote. What we are about to witness is an extraordinary abuse of traditional Senate rules to pass a bill merely because they think it's good for the rest of us, and because they fear their chance to build a European welfare state may never come again.

* * *

The vehicle is "reconciliation," a parliamentary process that fast-tracks budget measures and was created in 1974 as a deficit-reduction tool. Limited to 20 hours of debate, reconciliation bills need a mere 50 votes in the Senate, with the Vice President as tiebreaker, thus circumventing the filibuster. Both Democrats and Republicans have frequently used reconciliation on budget bills, so Democrats are now claiming that using it to pass ObamaCare is no big deal.

Yet this shortcut has never been used for anything approaching the enormity of a national health-care entitlement. Democrats are only resorting to it now because their plan is in so much political trouble—within their own party, and even more among the general public—and because they've failed to make their case through persuasion.

"They know that this will take courage," Nancy Pelosi said in an interview over the weekend, speaking of the Members she'll try to strong-arm. "It took courage to pass Social Security. It took courage to pass Medicare," the Speaker continued. "But the American people need it, why are we here? We're not here just to self-perpetuate our service in Congress."

Leave aside the irony of invoking "the American people" on behalf of a bill that consistently has been 10 to 15 points underwater in every poll since the fall, and is getting more unpopular by the day, particularly among independents. As Maine Republican Olympia Snowe pointed out in a speech last December, Social Security passed when Democrats controlled both Congress and the White House, yet 64% of Senate Republicans and 79% of the House GOP voted for it. More than half of the Senate Republican caucus voted for Medicare in 1965. Historically, major social legislation has always been bipartisan, because it reflects a durable political consensus.

> 'An undemocratic disservice to our people and to the Senate's institutional role.'

Reconciliation is the last mathematical gasp for ObamaCare because Democrats can't sell their policy to Senator Snowe, any other Republican, or even dozens of Democrats. This raw exercise of political power is of a piece with the copious corruption and bribery—such as the Cornhusker kickbacks and special tax benefits for union members—that liberals had to use to get even this far.

Democrats often point to welfare reform in 1996 as a reconciliation precedent, yet that bill passed the Senate with 78 votes, including Joe Biden and half of the Democratic caucus. The children's health insurance program in 1997 was steered through Congress with reconciliation, but it, too, was built on strong (if misguided) bipartisan support. The Balanced Budget Act of 1997 that created Schip passed 85-15, including 43 Republicans. Even President Bush's 2001 tax cuts, another case in reconciliation point, were endorsed by 12 Senate Democrats.

The only precedent within historical shouting distance is Ronald Reagan's 1981 budget, which was controversial because it reshaped dozens of programs. But the Senate wasn't the problem—it ultimately passed the budget 80 to 14. The real dogfight was in the Democratically controlled House, where majority rules have always obtained, yet Reagan convinced 29 Democrats to buck Speaker Tip O'Neill. Reconciliation, in other words, wasn't used to subvert the 60-vote Senate threshold, but rather to grease the way for deficit reduction.

Barack Obama

The process was designed for items that cut spending or affect tax revenue, to meet targets in the annual budget resolution. Democrats want to convert it into a jerry-rigged amendment process: That is, reconciliation wouldn't actually be used to pass ObamaCare per se. Instead, it would be used only to muscle through substantive changes to the bill that passed the Senate on Christmas Eve, without which 216 House Democrats won't vote for it. So Democrats would be writing amendments to current law that isn't in fact law at all—and can't become law without those amendments.

President Clinton preferred to use reconciliation to pass HillaryCare in the 1990s, but he was dissuaded by West Virginia Senator Robert Byrd, who argued that it would be an abuse of the process. Mr. Byrd, author of a four-volume history of Senate rules and procedures, told the Washington Post last March that "The misuse of the arcane process of reconciliation—a process intended for deficit reduction—to enact substantive policy changes is an undemocratic disservice to our people and to the Senate's institutional role," specifically citing health reform and cap and trade.

* * *

Regrets, they've got a few. Yet these Democratic Sinatras will still do it their way. President Obama was expected to endorse reconciliation in remarks Wednesday in the U.S.

The goal is to permanently expand the American entitlement state with a vast apparatus of subsidies and regulations while the political window is still (barely) open, regardless of the consequences or the overwhelming popular condemnation. As Mr. Obama fatalistically said after his health summit, if voters don't like it, "then that's what elections are for."

In other words, he's volunteering Democrats in Congress to march into the fixed bayonets so he can claim an LBJ-level legacy like the Great Society that will be nearly impossible to repeal. This would be an unprecedented act of partisan arrogance that would further mark Democrats as the party of liberal extremism. If they think political passions are bitter now, wait until they pass ObamaCare.

A Climate of Inquiry

The Intergovernmental Panel on Climate Change's weekend announcement that it would establish "an independent committee of distinguished experts" to evaluate its own procedures was intended to stem the tide of criticism washing over the U.N.'s arbiter of global-warming science. In practice, what this means is that another U.N.-appointed panel of "experts" will convene to review the failures of the original experts. This is less than reassuring.

So far, the climate-change establishment's efforts at damage control in the wake of the climategate email leak have left much to be desired. Take the "independent Climate Change Email Review" that the University of East Anglia is funding to look into its own Climatic Research Unit, which was at the center of the climategate controversy in November. The CRU panel's original team of six has already lost one member, Nature Editor-in-Chief Philip Campbell, who withdrew last month over challenges to his impartiality based on a December 2009 interview in which he said "The scientists [involved in the CRU emails] have not hidden the data. . . . they have behaved as researchers should."

Critics have also questioned Geoffrey Boulton's place on that CRU review panel. Mr. Boulton, Wednesday a professor emeritus at the University of Edinburgh, has in the past worked at the University of East Anglia's School of Environmental Science, which established CRU in 1972. More recently, Mr. Boulton signed a December 2009 petition, orchestrated by the U.K. Meteorological Office that has collaborated with CRU, declaring "the utmost confidence in the observational evidence for global warming and the scientific basis for concluding that it is due primarily to human activities." The petition adds that "we uphold the findings of the IPCC Fourth Assessment Report," which many of the Climategate scientists helped author. Mr. Boulton told us in an email that his ties to East Anglia were old enough for "any contacts or residual allegiance to have been long since severed," and stressed that his position on global warming was "irrelevant," given that the inquiry in which he's participating is meant to evaluate CRU's work, not the overarching hypothesis of man-made warming.

> U.N.-appointed experts will probe the failures of the original U.N.-appointed experts.

Prof. Boulton's defense, however, serves only to reveal his bias, which is that the scandal has nothing to say about the underlying science. Any thorough-going investigation, whether of the CRU and its fellow-travelers or of the IPCC process itself, would of necessity start with the question: How has what we've learned about how the science was done affected what we know about how the climate system works?

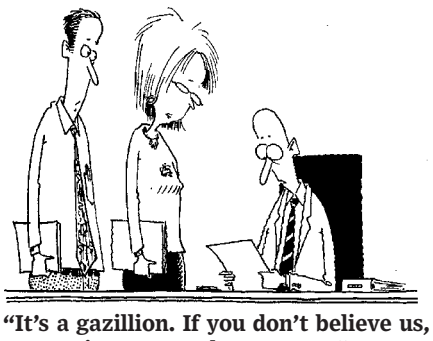
Some scientists have started to ask that question. The U.K.-based Institute of Physics recently told the House of Commons Science and Technology Committee that "unless the disclosed e-mails are proved to be forgeries or adaptations, worrying implications arise for the integrity of scientific research in this field and for the credibility of the scientific method as practised in this context." It added that its concerns go "well beyond the CRU itself—most of the e-mails were exchanged with researchers in a number of other international institutions who are also involved in the formulation of the IPCC's conclusions on climate change."

There's little evidence, alas, that these "worrying implications" are being followed up within the climate-change establishment, and no sign that Mr. Pachauri's inquiry will come within a country mile of them. In announcing the probe, Mr. Pachauri explained its necessity thus: "We recognize the criticism that has been leveled at us and the need to respond." In other words, Mr. Pachauri appreciates the need to appear to be doing something about the PR beating the global warming consensus has taken.

Two paragraphs down, Mr. Pachauri adds: "Meanwhile, we stand firmly behind the rigor and robustness of the 4th Assessment Report's conclusions. . . . based on an overwhelming body of evidence from thousands of peer-reviewed and independent scientific studies." That is to say, the outcome of Mr. Pachauri's inquiry has already been determined—the science will be found to be sound. Too bad for him that the IPCC is likely past the point where it can salvage its tattered reputation.

Pepper . . . and Salt

THE WALL STREET JOURNAL



"It's a gazillion. If you don't believe us, just count the commas."

OPINION

Where '80s Rockers Go to Die

By Robert Skeffington

Australia is fast becoming the elephant's graveyard for entertainers. It is where aging singers go to die—often in front of a large audience. Last week it was Whitney Houston's turn. Critics are using words like "incoherent" and "out of breath after two songs" to describe her moving performance in Brisbane. "Moving" as in, "people walked out." In fact, 73% of respondents to an online poll felt that the singer should "give it up already." She followed this up with concerts in Melbourne and Sydney, with the two notoriously competitive cities now arguing who had the worst performance. By all accounts they were both woeful.

Ms. Houston is not alone in heading Down Under in the twilight years of her career. Australia's insatiable appetite for stars of the past makes us a very lucrative market. On the supply side, the global financial crisis has a lot to answer for. As superannuated stars of the 1980s see their investments topple, they have decided to let the stitching out of those leather pants, insert the hair plugs, switch on the drum machines and do a tour. They walk into their managers' offices and say those five words that any self-respecting promoter wants to hear: "I am big in Australia."

Many of them are. Based on estimates by the Sydney Morning Herald, the biggest-selling artists for Australian record buyers are Elton John, Billy Joel, Paul McCartney, Michael Jackson, ABBA, Fleetwood Mac, Rod Stewart and Neil Diamond. Australians have a deep and enduring love of all things chintzy, and '80s music has us at our weakest. Duran Duran has just left and Deep Purple will soon arrive. We can literally rely on the Status Quo—they are touring in a few months too. Our strong economy allows us to pay anything from 200 to 400 Australian dollars ($180 to $360) for a concert where we can domino dance and vogue with the best of them.

What is it about Australians and their love of music from decades past? You can hear breathless treatises on how "Australia discovered ABBA." After they won the Eurovision song contest in 1974, their subsequent world tour did not create the expected excitement—except for Australia, where the Swedes instantly hit the top of the charts. Other countries soon followed suit. It isn't exactly on a par with the Spanish discovering the new world, but we did discover New Order. Cortez may have discovered the Aztecs, but Australia still listens to Aztec Camera.

There is hardly an A380 landing in Australia that does not have

WENN.com

Whitney Houston: They will always love you, in Australia

aboard someone who has starred in a "where are they now" TV special. George Michael recently toured here. It is not enough that James Taylor is coming to Australia; he is performing with Carole King. Then there is Boz Scaggs concert, which is being billed as a warm up for the Huey Lewis and the News tour that will happen later this year. If that is the news, then it is all bad.

Rock band AC/DC—who, *mirabile dictu*, actually are Australian—decided to leave their castles in Europe and are doing something called "The Black Ice Tour." That must have been the period in the ice-age when they first started performing. Yet as aging Australian rockers go, they're the exception. In general we do not put our own artists on a pedestal. Men at Work, INXS and Midnight Oil were all great artists and successful chart toppers—and all Australians—but they do not seem to have that camp element that is so enduring in the memory of Australian concert goers.

So we import. You cannot blame aging singers for being lured to Australia. In fact, some never go home. Eighties heartthrob Leo Sayer, after numerous concerts here, decided to stay. He now walks our streets as some sort of deity, unable to go past a shopping center car park without 40-something housewives screaming and throwing their slimming underpants at him.

This is, however, not a victimless crime. Australians' commitment to all things '80s goes to extreme lengths, and people do get hurt. Jimmy Barnes, the one-time lead singer of '80s Aussie rock outfit Cold Chisel, laments that when he was performing his new songs recently he only had a handful of people attend. As he was leaving his performance he looked at a packed venue across the road. The band that night was no less than a Cold Chisel tribute band, and they were turning people away with hundreds of fans trying to get in.

They say that if you can remember the '60s you weren't really there; well, the catch cry of the '80s has also been written. If you can't remember the '80s, come to Australia and live the whole experience again.

Mr. Skeffington is a Melbourne-based writer.

The Trouble With Precision

[Bookshelf]

Not Exactly
By Kees van Deemter
(Oxford, 341 pages, $29.95)

By Andrew Stark

"If I seem unduly clear to you," former Federal Reserve Chairman Alan Greenspan once remarked, "you must have misunderstood what I said."

As Kees van Deemter tells it in "Not Exactly," Mr. Greenspan's famous imprecision is simply the most advanced form of a syndrome that besets all of us. Our language is befogged with vagueness, by which Mr. van Deemter means that almost all words have "fuzzy" boundaries. Think of "short" and "tall." We cannot say definitively where one ends and the other begins. Even words that seem models of precision are vague: Mr. van Deemter notes that "meter" is an inexact measurement term—the platinum bar regarded as the definitive meter turns out to have been mismeasured by about 0.00005 millimeters.

Vagueness, then, may be unavoidable. But is it a problem? Not according to Mr. van Deemter. He explores vagueness in everything from notions of personal identity ("the average age of all the cells in an adult person's body is only around ten years") to artificial intelligence: Chess-playing computers can be powerful, but having a general policy or "rule of thumb" is meaningless to them—chess, to these computers, "is all tactics and no strategy."

But Mr. van Deemter reserves his most piquant observations for politics. Think of a typical political disagreement: say, the wrangling over fat bonuses for bankers. Some people will describe such sums as "well-deserved," others as wholly "undeserved." Such disagreement is possible, Mr. van Deemter argues, only because the line between "well-deserved" and "undeserved" is a fuzzy no-man's land. The vague boundaries of political terms—others include "equal" and "free"—are what allows for the differences in opinion that lend democracy its vibrancy. Vagueness, in Mr. van Deemter's view, is language's gift to civic culture.

Yet surely some kinds of political vagueness are worse than others. Compare "victory," President George W. Bush's stated goal for America in Iraq, with "withdrawal," President Barack Obama's in Afghanistan. What victory borders on, however fuzzily, is its opposite, defeat. Any attempt to define victory too far down—say, to cover an Iraq that, though democratic, becomes a base for terrorist operations—would eventually become implausible. "Defeat" lays a better claim to that scenario. The fuzzy boundaries of "withdrawal," by contrast, stretch out endlessly without ever reaching a point where we can say with certainty: "OK, obviously there's never going to be any withdrawal." Hillary Clinton believes that "withdrawal" is compatible with our not having "locked ourselves into leaving" at all. As political vagueness goes, Mr. Obama's is of a distinctly less clear variety.

Mr. van Deemter may be able to take a sanguine attitude toward political vagueness because "Not Exactly" doesn't address totalitarianism. Stalinists teased out the boundaries of language so far that a word's original meaning and its opposite could be embraced. Terms such as "democracy," as George Orwell wrote, came to bear "two irreconcilable meanings," on which "mass deportations [were] right and wrong simultaneously." If they were Soviet deportations then they were democratic, otherwise not—and woe to anyone who didn't gasp the elasticity of the word "democracy."

If Mr. van Deemter seems overly forgiving about the political implications of vagueness, he comes across as too alarmist when he considers another kind of mushy political language: ambiguity. While vagueness refers to the imprecision with which language captures states of the world, ambiguity occurs when language conveys imprecision in our states of mind. Consider former Virginia Gov. Doug Wilder's remark: "I'm not the kind of politician who says one thing to one audience and a different thing to a different audience; I say the same thing to all audiences and let them fight about what I meant." For Mr. van Deemter, ambiguity offers a discreditable way for politicians to lead the electorate on, hoarding political capital, until forced to take a stand.

But here Mr. van Deemter paints with too broad a brush. Not all ambiguities are created equal. At times President Bush was ambiguous about whether his goals in Iraq were to get rid of weapons of mass destruction or to effect regime change, but at least those two intentions are compatible. The same cannot be said for Mr. Obama, whose ambiguity about Afghanistan straddles opposing intentions: America must bear any burden in the fight for "freedom and justice . . . for all peoples," but we must also focus our energies inward, since the nation we should be "most interested in building" is, he says, "our own." As ambiguity goes, Mr. Bush's has the virtue of being coherent.

Mr. van Deemter's disparagement of ambiguity again neglects totalitarian systems, where ambiguity has been a valuable protective shield for citizens. Think of a joke told by Soviet dissidents: "During Stalin's time our economy stood at the precipice of disaster. Since then we have made great strides forward." The teller of the joke, far from conveying opposite meanings neither of which he fully means, intends only one meaning—the caustic one—presented under a cloak of ambiguity. The Viennese aphorist Karl Kraus paid tribute to the indispensable role that ambiguity plays for citizens in totalitarian states: "Satire that the censor understands is rightly censored."

In democracies, as Mr. van Deemter suggests, vagueness may help along a spirited debate between citizens while ambiguity affords an irritatingly evasive tactic for leaders. In totalitarian systems, by contrast, vagueness hands a treacherous weapon to leaders while ambiguity helps citizens express their discontent. However fuzzy the boundaries between words may be, the lines between political systems could not be clearer.

Mr. Stark's latest book is "Drawing the Line: Public and Private in America" (Brookings).

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OPINION

The End of AIG's Asian Era

[Business Asia]

By Ron Shelp

AIG is once again splashed over world headlines with the news that British insurer Prudential PLC will pay $35.5 billion for the Asian unit of the embattled insurance giant. Whatever the short-term merits of selling AIA, this deal still marks the end of one of the oldest business relationships a U.S. company has had with Asia.

The size of the Prudential deal is largely a result of the British firm's willingness to bet big on Asia, which is expected to drive 40% of global life-insurance premium growth over five years, according to a 2009 study by McKinsey & Co. Prudential is so confident of AIA's value that it will sell $20 billion in shares to raise money for the deal. AIG is also in negotiations with MetLife to sell ALICO, AIG's life insurance operation in 67 countries outside Asia, for $15 billion. While ALICO operates in many more countries, many are not as rich as Asia and these nations do not have the profit predictions AIA countries have.

But the decision to sell AIA to pay back U.S. taxpayers some of what they spent bailing out the company is going to make it harder for AIG to return to profitability. Last year, roughly 15% of AIG's revenue came from life insurance and retirement services in Asia. This is one of the reasons long-time chief executive Maurice R. "Hank" Greenberg argued against the sale. He believes over the long term, AIA would yield even more toward payment of AIG debts.

Current chief executive Robert Benmosche made a different calculation. The company is suffering from the terrible decisions made in a division completely unrelated to Asia—the U.S. unit that traded in complex credit derivatives. It was doubtful the U.S. government, which took ownership of nearly 80% of AIG in 2008 amid the global financial crisis, has the patience to wait long for repayment. Having waited to sell AIA until global markets have stabilized somewhat, he'll get more than $15 billion more for AIA than what Prudential and other firms offered a year ago. Mr. Benmosche is the first AIG chief executive since Mr. Greenberg with the smarts to engineer a deal like this, and is making the best of a bad situation.

This is a positive change from AIG's recent history. When U.S. Treasury Secretary Henry Paulson picked Edward Liddy to be AIG's chief after the government stepped in, Mr. Liddy seemed to be in a panic. He clearly wanted to sell assets as quickly as possible, with little concern for price. For example, in December 2008 he sold AIG's Hartford Steam Boiler Inspection and Insurance Company Unit (HSBGroup) to Munch Re for $458 million less than AIG had paid for it in October 2000. If Mr. Liddy had stayed at AIG, he would have sold off everything but would never have raised enough to pay back Washington for the approximately $80 billion in bailout funding the company owes.

A U.S. company in China since 1919 beats a retreat for political, not commercial, reasons.

Yet the deal nonetheless marks another tragic chapter in the AIG saga, especially in Asia. In 1919, C.V. Starr did something no American had ever done before: He started a company in China, which grew into a global giant. Starr's AAU (American Asiatic Underwriters) in Shanghai wrote general insurance on behalf of American companies. Before long, the company was insuring Chinese citizens even though the conventional wisdom at the time among foreigners was that you couldn't do business with the Chinese because they would cheat you.

Starr found success in Shanghai and in the 1940s he launched AIA in Hong Kong, which eventually grew into the largest life insurer in Asia and the only wholly foreign-owned insurer in China. Starr's successor, Mr. Greenberg, understood well the value of his firm's special relationship with China. Mr. Greenberg visited China several times a year throughout his tenure at AIG starting in the 1980s. At one point he directed the Starr Foundation to buy the original carved doors to Beijing's Summer Palace from a Paris dealer so that they could be returned to China.

So, what's next for AIG? Beyond Alico, it doesn't have too many other extremely valuable properties to divest. Mr. Benmosche has laid out a long-term business plan that will turn AIG into a world-wide property and casualty insurer with a domestic life insurance operation. AIG had to rename its global property and casualty insurance business Chartis in 2009 to distance itself from AIG's tarnished brand, and now Chartis by itself is one of the largest insurance companies in the world.

Everyone wants to know whether AIG will be able to pay back all of its bailout money. The answer is probably yes, and the Prudential deal may help. But as a former AIG executive who worked in China and watched AIA bring in huge profits, I'm sad to see one of AIG's most important Chinese connections disappearing.

Mr. Shelp, a former AIG vice president, is author of "Fallen Giant: The Amazing Story of Hank Greenberg and the History of AIG," recently updated and reissued by John Wiley & Sons.

Another Step Forward for Iraq

By Fouad Ajami

Forgive Vice President Joe Biden the audacity of claiming last month on CNN's "Larry King Live" that Iraq is destined to be "one of the great achievements of this administration." The larger point he made—that a representative government is taking hold in Baghdad—is on the mark.

As Iraq approaches its general elections on March 7, we should take yes for an answer. The American project in Iraq has midwifed that rarest of creatures in the Greater Middle East: a government that emerges out of the consent of the governed. We should trust the Iraqis with their own history. That means letting their electoral process play out against the background of the Arab dynasties and autocracies, and of the Iranian theocracy next door that made a mockery out of its own national elections.

In a perfect world, the Iraqis would have left the past alone and avoided the ban that was imposed on some 500 candidates accused of ties to the Baath Party. But this is a matter for the Iraqis themselves. In the twilight of the American regency the United States can't order Iraqi political life.

Sure, there are some candidates tainted with Baathism who should have been allowed to take part in this round of elections. It would have been the better part of wisdom to let the Sunni parliamentarian Saleh al-Mutlaq participate. He is a gregarious man with natural political gifts, better inside the tent than outside.

But then, too, de-Baathification has never been ably defended and explained to the American public. In time, the idea has taken hold that de-Baathification was a matter of sectarian revenge: the newly ascendant Shiites striking back at their Sunni tormentors.

There was willfulness in this reading of de-Baathification. In the new Iraq, released by American power from its long nightmare, it was either de-Baathification or mass slaughter of yesterday's tormentors. The American regency in Iraq made its share of blunders. But that order No. 1 issued by proconsul Paul Bremer, banning the Baath, was a boon to the new Iraq. On the whole, the hand of vengeance was stayed. It was remarkable how little violence was unleashed on those who had perpetrated on Iraqis a reign of the darkest terror.

Nor is it true that a sister republic of the Iranian theocracy is emerging in Baghdad, as some American officials have suggested. This is a slur on Iraq and Iraqis, and on the vast Shiite majority to be exact.

So Iran has designs on Iraq. Well what of it? A long border, the traffic of centuries in faith and commerce, runs between the two countries. But no Iraqi project in the offing contemplates making Iraq a satrap of the Persian state. The Iraqis are neither Lebanese seeking outside patronage, nor Palestinians in need of money and guns from foreign donors. They are a tough breed, they have their own material means, oil aplenty, and a determination to keep their country whole and theirs.

If anything, that border with Iran concentrates the Iraqi mind. The Iraqis know their Persian neighbors. The kind of romance about Iran entertained in the Bekaa Valley and Greater Beirut, or in the Gaza Strip, has no takers in Iraq. The Shiism of Iraq is tenacious and Arab through and through.

The sacred geography of Shiism is in Iraq, and clerics in the holy city of Najaf, or in Kazimiyya on the outskirts of Baghdad, display no deference to the theology of Qom. I hazard to guess from discussions with many Shiite jurists in Iraq that no one of any consequence in the clerical hierarchy believes that Iran's "Supreme Leader," Ali Khamenei, is a scholar of genuine standing and religious authority.

Associated Press

Iraqi police post voting instructions in Basra, Iraq's second-largest city.

Iraqis of all stripes are wary of Iran. In the provincial elections of 2009, pro-Iranian candidates were trounced and Iraqi nationalists carried the day.

There plays upon Iraqis the hope that their country can make its own way, defying the obituaries of doom written for their new order in neighboring lands and beyond. There is a transparent parliamentary culture in Iraq, and we for our part ought to be proud of what we have given birth to.

Leave it to the Egyptians and the Arabs of the Peninsula and the Persian Gulf to belittle the new order in Iraq. They threw everything at it but it managed to survive. Peace has not settled upon Baghdad, but this Iraq, even in its current condition, is a rebuke to the dynasties and the dictatorships of the Arab world.

There will be irregularities in the Iraqi elections. Some votes are destined to be bought. But is the Egyptian regime of Hosni Mubarak, with the same man at the helm for three decades now, entitled to sit in judgment? The rulers around Iraq tax this Iraqi order with illegitimacy, dismiss it as a handmaiden of the Americans. But from one end of the Arab world to the other, countless regimes are in the orbit of the Pax Americana. Wily survivors, the Arab rulers frighten us with the scarecrow of a Shiite state in Baghdad.

For decades, American policy makers have imbibed the Sunni orthodoxy of the Arab holders of power. That view seeped into the American official consciousness. It survived the terrors of 9/11 and the doctrines of the Sunni jihadists. America remained wedded to the idea of Shiite radicalism. Now a Shiite-led state in Baghdad could yet make its way into the American security structure in the region, and the Sunni rulers have taken up sword against it.

In the received wisdom of those who never took to the justice or the wisdom of the Iraq war, the balance of power in the region was upended by the destruction of the Saddam Hussein regime that had presumably served as a buffer against the Iranian theocracy.

But that view grieves for a golden era that never was. It was in the 1980s and the 1990s, when the tyranny of Saddam Hussein ran a regime of extortion and plunder in the region, that the Iranians made their way to the Mediterranean, formed and trained Hezbollah in Beirut and the Bekaa Valley, installed their proxies in southern Lebanon on Israel's northern border. It was in that fabled time that the Iranians spread mayhem all around and stoked the furies of the Sunni-Shiite schism that has poisoned the life of Islam.

There is a better way of "balancing" Iran: a regime in Baghdad endowed with the legitimacy of democratic norms. Of all that has been said about Iraq since the time that country became an American burden, nothing equals the stark formulation once offered by a diplomat not given to grandstanding and rhetorical flourishes. Said former U.S. Ambassador Ryan Crocker: "In the end, what we leave behind and how we leave will be more important than how we came."

We can already see the outline of what our labor has created: a representative government, a binational state of Arabs and Kurds, and a country that does not bend to the will of one man or one ruling clan.

Mr. Ajami, a professor at Johns Hopkins School of Advanced International Studies and a senior fellow at Stanford University's Hoover Institution, is the author of "The Foreigner's Gift" (Free Press, 2007).

IN DEPTH

Europe's original sin that led to crisis

Clockwise from top: Reuters, Associated Press (2)

Path to the Euro

Feb. 7, 1992: The signing of the Maastricht treaty paves the way for the euro common currency, laying down budget deficit and government debt rules that members would have to abide by.

Sept. 20, 1992: In a referendum, the French back the Maastricht treaty with a narrow 51.04% majority.
The treaty goes into force on Nov. 1, 1993.

December 1996: At a Dublin summit, Germany and France reach a compromise on a 'stability pact'—punishments inflicted on rule-breaking governments would not be automatic, but decided by fellow euro-zone governments.

June 19, 2000: European Union governments approve Greece's accession to the euro area 18 months after it was launched with Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain.

Jan 1, 2002: Euro banknotes and coins enter into circulation.

In Frankfurt, top, fireworks greet the launch of euro notes and coins on Jan. 1, 2002. Above left, German Chancellor Helmut Kohl, left, and French President Jacques Chirac at a 1996 summit in Dublin. At right, Greek Prime Minister Costas Simitis in June 2000 toasts the acceptance of Greece as a member of the euro.

Continued from first page
added tax. For printed products the VAT was raised to 5% from 4.5%, for food products to 10% from 9% and for clothing and shoes to 21% from 19%.

There was a freeze in public servants' pensions, a 12% slash in public servants entitlements and new taxes on fuel, luxury cars, boats, alcohol and tobacco products, luxury homes and offshore companies.

"We are struggling with the worst economic situation that our country has ever experienced. With a [budget] deficit that in 2009 reached €30 billion. With a debt of approximately €300 billion. We are struggling with the tremendous deficit in credibility of our country. Our country, in the eyes of its creditors, not only is unable to control her public finances, but until recently hid the size of the problem," Mr. Petalotis said.

He said the measures will yield the government an additional €4.8 billion, or 2% of gross domestic product, and are divided equally on increases in revenues and reductions in spending.

The new measures will became law on Friday, Mr. Petalotis said.

In January, the government announced a series of spending cuts and tax increases that, combined, will produce some €8 billion to €10 billion in savings and additional revenues this year.

A government minister said Mr. Papandreou told a cabinet that the message to the EU will be "very clear."

"We did what you [the EU] asked. If you don't come to our aid, we will be forced to turn to the IMF [International Monetary Fund]," he quoted Mr. Papandreou as saying.

The minister said Mr. Papandreou will convey this message when he visits German Chancellor Angela Merkel Friday and French President Nicolas Sarkozy Sunday.

The IMF said in a statement, "We welcome the substantial fiscal measures announced by the Greek authorities today. The authorities have put together a very strong fiscal package for 2010. The implementation of the fiscal program will be a crucial step forward in a multi-year process ... We stand ready to support the implementation of the authorities' plans by sharing our technical expertise in these matters."

Greece's austerity plans have drawn resistance from labor unions.

"The new measures are a fatal blow for the average income earner ... Those measures only hurt the poor," said Spyros Papaspyros, president of the civil servants' umbrella union ADEDY. The union is calling for a 24-hour general strike on March 16.

Predicaments of the sort Greece is facing—years of overspending, leaving bond investors worried the country can't pay back its debts—weren't supposed to happen in the euro zone. Early on, countries made a pact aimed at preventing a free-spending state from undermining the common currency. The pact required countries adopting the euro to limit annual budget deficits to 3% of gross domestic product, and total government debt to 60% of GDP.

But an examination of budget reports to the EU shows Greece hasn't met the deficit rule in any year except 2006. It has never been within 30 percentage points of the debt ceiling.

Greece has revised its deficit figures, always upward, every year since 1997—often considerably. Several times, the final figure was quadruple what was first reported. Late last year, the Greek government set in motion its current crisis by increasing its 2009 budget-deficit estimate, initially 3.7% of GDP, to nearly 13% of GDP.

Those revisions far exceed the impact of controversial derivative transactions Greece used to help mask the size of its debt and deficit numbers. The 2001 currency-swap deal arranged by Goldman trimmed Greece's deficit by about one-tenth of a percentage point of GDP for that year. By comparison, Greece failed to book €1.6 billion of military expenses in 2001—10 times what was saved with the swap, according to Eurostat, the EU's statistics authority.

The Greek problem has shown that EU financial institutions don't have enough teeth or expertise to rein in renegade member states, said Jean-Pierre Jouyet, chairman of France's stock-market watchdog and former chief of staff to a president of the European Commission, Jacques Delors. "We need new tools to manage these disequilibriums, because a pact without sanctions is not enough," said Mr. Jouyet.

Constantine Papadopoulos, secretary-general for international economic affairs at the Greek foreign ministry, said Greece entered the euro zone legitimately. "The notion that Greece 'cheated' to get into the euro zone is one of those notions that has stuck in people's minds in Europe and, being the well-crafted piece of propaganda that it is, is extremely difficult to reverse," he said.

Mr. Papadopoulos, a member of the now-ruling Socialist party, said most of the revisions took place because an incoming New Democracy government in 2004 retrospectively revised the way it dealt with military spending. That, he said, had an impact on the recorded budget deficit for the past years of the Socialist government. But Eurostat deemed those revisions necessary, since Greece had "widely underestimated" its military spending.

The Aegean country wasn't alone in breaking the euro zone's rules: A majority of other euro-zone members also failed to meet the debt and deficit requirements at least once over several years, the reports show.

The euro's launch, with 11 founding members in 1999 and Greece joining 18 months later, amounted to a deliberate political gesture by European leaders: Membership in the fledgling currency should be as broad as possible. Italy and Belgium were allowed in with the first group despite well exceeding the debt threshold—a decision that spurred some controversy.

Bringing in Greece, the ancient "cradle of democracy," was symbolically important. In any case, by the late 1990s Greece was being billed as a great economic turnaround story and few eyebrows were raised.

Greece's current crisis—which has weakened the euro and sown concerns about the debt levels of some other European countries—shows

Europe's political ambitions for a broad euro are clashing with economic realities. It also suggests Greece's economic success was partly a mirage created by misreported economic statistics.

This is a consequence of a weakness that economists and historians say was built into the common currency at birth: the lack of a coordinated fiscal policy to go with monetary union. From the beginning, the euro has been replete with unresolved tensions, says David Marsh, author of "The Euro," a 2009 book chronicling the birth of the currency. The currency union was seen by some politicians as a way to pull the EU toward political union; others, mainly in Germany, emphasized the need for fiscal and monetary rectitude.

Once a country is in the currency, little can be done to a wayward member because the euro's architects built in no real means of enforcement.

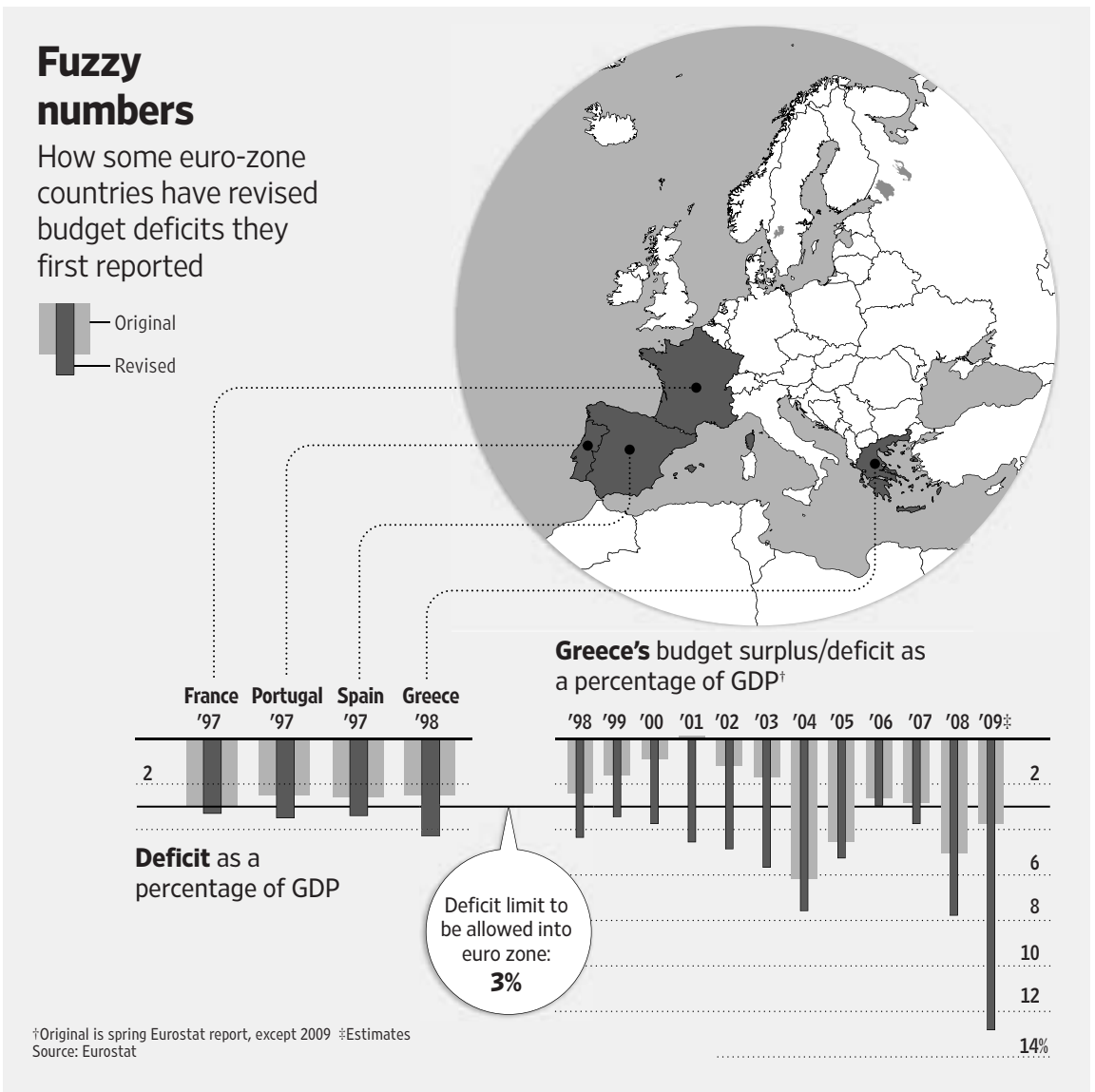
That's in part because of a compromise made in a 1996 European summit in Dublin that placed the decision whether to levy fines on errant governments with other EU governments. That was a victory for Jacques Chirac, then French president, over German Chancellor Helmut Kohl, who wanted the fines to be automatic. Since then no country has been fined.

Willem Buiter, chief economist at **Citigroup** and a former member of the Monetary Policy Committee of the Bank of England, described the 1996 agreement aimed at enforcing the debt and deficit rules as "a paper tiger."

"It is ineffective, because for a while it created the illusion that there were sticks and carrots capable of changing the fiscal behavior of the member states, when in reality there were neither," he wrote in a new research report.

The lax attitude to fiscal rules began early. Eager to get the euro in place in the late 1990s, EU leaders decided 1997 would be the key year. If everyone could meet the targets for that year, the currency could be launched.

The 60% debt goal was simply out of reach—Belgium, for instance, had debt equaling 131% of GDP in 1995. The countries agreed excess debt was acceptable, so long as it appeared to be shrinking. (The euro zone as a whole has never met the 60% debt limit.)



Instead, Europe tried to stand firm on the annual deficits. That triggered a busy year of one-off boosts to government coffers. Countries sold mobile-phone spectrum licenses. France got a payment of more than €5 billion for assuming future pension obligations from the soon-to-be-privatized France Télécom. Germany tried, but failed, to revalue its gold reserves.

Buoyed by these maneuvers—and helped by the tech boom—11 of the 12 countries made the 3% goal for 1997. With much fanfare, the euro was born as the clock ticked from 1998 to 1999, though notes and coins didn't begin circulating for another three years.

With much less fanfare, countries later revised their numbers: Of the original 11 entrants that qualified on the basis of their 1997 data, three—Spain, France and Portugal—later revised their 1997 deficit figures to above 3%. France's budget revision, to 3.3%, wasn't made until 2007.

Greece didn't make the first wave. Its 4.0% deficit in 1997 missed by too much. Even then, technocrats doubted Greek statistics. But in late 1999, eager to keep the euro zone on track, the EU overlooked those concerns. The figures for 1998 appeared better, and European governments agreed that Greece had met the fiscal goals.

They cited a cut in its deficit to 2.5% of GDP in 1998 and a projection of 1.9% for 1999, and saluted Greece for reducing its debt. "The deficit was below the Treaty reference value in 1998 and is expected to remain so in 1999 and decline further in the medium term," the governments proclaimed in December 1999.

None of that turned out to be true. In March 2000, Eurostat said a new accounting standard pushed Greece's 1998 deficit up to 3.2%. Later, in a 2004 report, Eurostat added nearly €2 billion to the original 1998 deficit—largely because Greece had wrongly deemed subsidies to state entities as equity purchases, a device Portugal would later use. In the end, the 1998 figure stood at 4.3%, well above the euro-zone entry criterion.

It got worse. Eurostat found that Greece barely recorded any expenditure on military equipment for years, routinely overestimated tax collections, didn't record hospital costs in the state health system and counted EU subsidies to private entities in Greece as government revenue.

In the face of an economic downturn, others joined the Greeks. France and Germany breached the deficit limit in 2002, 2003 and 2004, setting the example that even the bloc's economic powerhouses didn't have to play by the rules. In 2003, the Netherlands and Italy did, too. "When Germany and France got into difficulty, there was not a strong reaction from the European Union," says Jean-Luc Dehaene, a former Belgian prime minister. Finance ministers decided on the response, and "they tend to make a political decision," he says.

Of the 12 early members of the euro, all but Belgium, Luxembourg and Finland have overrun the budget rule at least once. Finally, under political pressure, the norms were softened in 2005 to allow the deficit limit to be breached in an economic downturn.

That was after the tragicomic tale of Greece's 2003 deficit. In March 2004, Greece reported that its 2003 deficit had been €2.6 billion, or 1.7% of GDP. Eurostat put in a footnote calling the figure "provisional," but it was still well below the euro-zone average of 2.7%.

Any Greek celebration was short-lived. Two months later, under pressure from Eurostat, Greece put out new figures. The 2003 deficit was now 3.2%, thanks in part to overestimated tax receipts and EU subsidies. Four months after that, it was up to 4.6%: Greece had failed to include some military expenses, overestimated a social-security surplus, and low-balled its interest expenses. Another revision in March 2005 kicked it up to 5.2%. Later that year, it became 5.7%. What had been reported 18 months earlier as an €2.6 billion deficit was now €8.8 billion.

In short, says Vassilis Monastiriotis of the London School of Economics, Greece "failed to internalize the logic of the euro zone—which is fiscal discipline."

—Costas Paris and Alkman Granitsas contributed — to this article.

Greece's latest recipe for budget austerity

By Alkman Granitsas

The Greek government has announced further austerity measures to cut Greece's budget deficit from an estimated 12.7% of gross domestic product last year, to 8.7% this year. The measures are seen as a prelude to a new 10-year bond and a precondition for any European Union financial aid. New measures include a combined €4.8 billion, or 2% of gross domestic product, of spending cuts and tax increases, with half coming from spending cuts and half from new revenues.

SPENDING CUTS

Wages and pensions: Civil-service entitlements for all workers in the public sector—including at ministries, local governments, state-chartered organizations and the parliament—will be cut by 12% on average, compared with a 10% cut previously announced by the government. This includes a 30% cut in Christmas, Easter and holiday bonuses. In addition, court officials will see their special entitlement for accelerated processing of court cases cut by 20%. Also, a 7% across-the-board cut in entitlements at employees of state-owned companies that receive transfers from the budget. No increase in pensions for civil service retirees. In addition, select state-backed pension funds will see a 10% cut in government transfers which will be passed on to retirees of those funds.

Savings: €1.7 billion ($2.3 billion), or 0.7% of GDP.

Investment cuts: A 5% reduction in government spending on public-works projects, and a €200 million cut in spending on education.

Savings: €700 million, or 0.3% of GDP.

TAX INCREASES

Value-added tax: The sales tax on printed products such as newspapers and books will increase to 5% from 4.5%, while the tax rate on items such as food and medicine will increase to 10% from 9%. VAT on items such as clothing and footwear will increase from 19% to 21%.

Revenue: €1.3 billion, or 0.55% of GDP.

Fuel taxes: Greece will further raise tax rates on fuel products, its second increase this year. Gasoline prices will rise by a further €0.08 per liter, but home heating oil will not increase.

Revenue: €1.1 billion, or 0.45% of GDP

Sin taxes: Taxes on cigarettes will increase from 63% to 65% on average, with expensive brands seeing more of an increase than less expensive brands. Alcohol taxes will increase by 20%.

Revenue: Between €200 million and €400 million, or 0.1 of GDP (unofficial estimate)

Luxury taxes: Introduction of a luxury tax on automobiles of over €35,000, recreational boats and helicopters for personal use, and luxury consumer items such as jewelry.

Revenue: No estimate given.

Pressphoto Agency

A pensioner takes part in a protest in Athens on Wednesday.

Sports Promotion

The Business of Football

What business can learn from football

Establishing a tradition of loyalty is a big boost for a corporate brand

Some products are naturally inclined to create fans; others may require a bit of work

By Catherine Bolgar

Christopher Serra

Many companies look to football to enhance their brands, signing up for sponsorships with clubs or endorsements by star players.

But what can football offer in the way of lessons for companies in less-glamorous sectors? Plenty.

"The thing that sport, especially in the Barclays Premier League, offers is loyalty beyond reason, beyond price," says Kevin Roberts, chief executive of Saatchi & Saatchi, the global advertising firm based in New York, and co-author of the book "Peak Performance: Business Lessons From the World's Top Sporting Organizations." "Who's going to pay £8 ($12.50) for [trend-setting Manchester City manager] Roberto Mancini's new scarf? But you do."

In the U.K., that loyalty tends to germinate at a young age, when parents or grandparents introduce the new generation to their favorite football club, explains Susan Bridgewater, director of the Centre for Management in Sport at the Warwick Business School. The football club gets woven into the family tradition. What's more, the football club of choice tends to be the one in the neighborhood or region, so many families are simultaneously building the same tradition in the same place. The result is a loyalty not only shared with the rest of one's family, but with one's friends, schoolmates and co-workers, creating a tribal element. The clubs feed this with community work and regional events.

Emphasizing tradition

Many companies have used the same strategies to promote their brands. They emphasize tradition — whether it's a classic watch passed from generation to generation or a food that recalls the comforts of childhood. Other brands play off their geographic roots, like Starbucks Corp. emanating the laidback vibe of its Seattle origins, says John Simmons, a brand consultant and co-author of the book "Winning Together: The Story of the Arsenal Brand."

Football's intense loyalty, whether fed by family tradition or regional pride, is an emotional experience, while most businesses are driven by transactions, says Andy Milligan, partner of the Caffeine Partnership, a London brand consultancy and author of the book "Brand It Like Beckham." "What businesses are trying to build is an emotional relationship with their customers, so that the desire for the consumer is not simply reliant on a price-quality ratio. We all have brands that we associate with certain times in our lives." Businesses need to ask how can they take the next step and make the emotional connection between the consumer and the product. "How can we create fans for our brands?" he asks.

Fans are marketing on steroids. They talk, they promote, they lead by example. "Really great brands would learn that they are in a participation economy where people want to blog, engage and participate," says Mr. Roberts of Saatchi. "The idea is not to control the brand but to give up control to the consumers to become fans."

Social media creates a setting for a community of fans to enrich their connection, says Mr. Milligan. "Fans can get together on forums, share stories, tips, arguments and debates, none of which may have any direct impact on the performance of the team. It's not like Arsene Wenger is going to read a fan site to develop his strategy."

Companies and teams alike can use fan sites to fuel interest, to find out what consumers think, and to come up with new products that the company might be able to sell the fans, he adds.

Intense loyalty

Some products seem naturally inclined to generate fans — cars, for example. People are intensely loyal to the kind of car they drive, seeing it as an extension or representation of their personality. Entertainment, beer, chocolate and music all tend to generate loyal fans, says Dr. Bridgewater of Warwick Business School. But even seemingly mundane products can turn into sexy stars. The KitchenAid stand mixer has collectors and fan sites, like "Nosh With Me: One Girl's Love Affair With Her KitchenAid Mixer."

Apple Inc. has been one of the most successful examples of how to arouse sports-fan-style passion in consumer products.

"The idea is not to control the brand but to give up control to the consumers to become fans."

The company's iPod wasn't the first such music player on the market, but Apple radically improved the product with innovation and aesthetics, says James Park, manager at Brand Finance PLC, a brand valuation consultancy, based in London. Nike Inc. also offers innovative ideas executed extremely well, drawing a high level of passion from customers. "To get that passion, you have to make sure that every single touchpoint and interaction the customer will have with the business is completely aligned with your business strategy. It's a forensic attention to detail."

Moving stories

Most of the clubs in the Barclays Premier League are more than 100 years old, with moving stories, such as Busby's Babes, the home-grown Manchester United team in the 1950s that lost eight members in a plane crash. By the 1980s, though, football was viewed as a blue-collar sport tainted by hooliganism, Mr. Park says. The creation of the Barclays Premier League was part of a concerted effort to attract a wider audience, socially and then geographically. Television coverage became more professional and further expanded the audience.

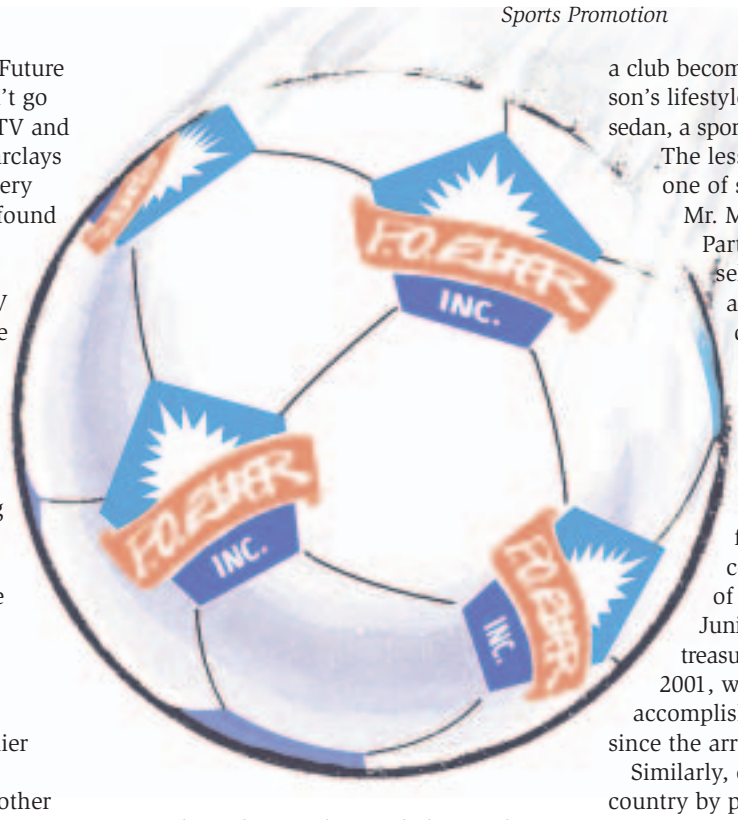
Sales of television rights really opened up football's frontiers. The game translates well around the world, without requiring detailed expertise to appreciate. "It's all about getting the ball in the back of the net,"

says Tim Hill, marketing director of Future Brand in London. Fans in Asia "can't go to matches, but they can watch on TV and they can buy merchandise." The Barclays Premier League is seen in nearly every country, with most of its fans now found outside the U.K. And, as Dr. Bridgewater of Warwick Business School notes, fans who watch on TV are just as loyal as those who see the games in the stadium.

Clubs are taking different approaches to international expansion. Manchester United was one of the pioneers, engaging with fans through overseas tours and opening stores in places like Singapore, says Mr. Park of Brand Finance. Chelsea is targeting Asia and the U.S., while Manchester City is looking at the Middle East.

Deciding factors

Unlike in the U.K., Barclays Premier League fans around the world align themselves with teams for reasons other than living near the stadium. Deciding factors range from a club's history to its record of victories. Personalities of players and managers are key for other people, who will switch allegiance if their favorite player switches teams. For still others, it may be the way they play — Manchester United's tasking style vs. Chelsea's physical style or Arsenal's swashbuckling style.



Often these elements add up to a kind of overall personality for a team, a brand differentiation: Arsenal has French-European cache, London-based Chelsea is cosmopolitan, Bolton is gritty and direct. Supporting a club becomes a statement about a person's lifestyle, much like driving a luxury sedan, a sport-utility vehicle or a motorcycle.

The lesson for companies becomes one of segmenting the audience, says Mr. Milligan of the Caffeine Partnership. "You're not going to sell to everybody. Target your audience. Today, segments are defined more by attitude rather than by demographics or ability to spend."

At the same time, clubs have noted that the acquisition of a foreign player brings a spike in interest from fans in the player's home country, says Dr. Bridgewater of Warwick Business School. Junichi Inamoto brought Arsenal a treasure trove of Japanese fans in 2001, while Manchester United has accomplished the same in South Korea since the arrival of Ji-Sung Park in 2005.

Similarly, companies often enter a new country by partnering with established local businesses, as a way of introducing the brand.

When it comes to selling something intangible, branding is even harder. That's why so many companies in service or utility sectors use sponsorships, to bolt onto an established fan base. By carefully selecting a sponsorship or association, a company can target the right customer segment.

British mobile phone provider O2 put its name on the Millennium Dome in Greenwich, the country's most successful live music venue, to connect with customers interested in entertainment, who also tend to be intense users of mobile phones. "Associating the brand with access to entertainment is a great way of targeting that influential base," Mr. Milligan says.

Classic example

A very classic example is sports sponsorship, which can bring a club's passion to an industry where stardom might be hard to achieve or even undesirable — "nobody wants a superstar bank," says Mr. Hill of Future Brand. So a bank can maintain its reputation for seriousness while at the same time benefiting from a halo effect cast by the sponsored club.

Authenticity is important, whether in sponsorships or in other aspects of branding, cautions Mr. Milligan. "You can't build a brand on an empty promise. But the fact is we as consumers do not make our decisions rationally."

The Business of Football series is also available online at: **wsj.com/businessoffootball**

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FROM PAGE ONE

Mitsubishi, Peugeot drop talks

Continued from first page

stake in the Japanese company. "This isn't good news at all" for the Japanese car maker, said Koji Endo, an analyst at Tokyo-based research firm Advanced Research Japan.

Peugeot-Citroën has made expanding its presence in fast-growing markets in Asia a priority, and speculation that it would do a formal link-up with a local competitor was fanned when Volkswagen and **Suzuki Motor** Corp. announced an alliance in December. French rival **Renault** SA has a successful 10-year-old alliance with **Nissan Motor** Co. of Japan that has generated synergies in vehicle platforms, purchasing and geographic reach.

Peugeot-Citroën and Mitsubishi said in a joint statement Wednesday that they would seek to expand their partnership, but "concluded that a capital alliance was not appropriate in the current circumstances."

Peugeot-Citroën buys Mitsubishi's Outlander sport-utility vehicles and sells them in Europe rebranded as Citroën and Peugeot vehicles. The French company has a similar relationship with Mitsubishi for its i-Miev small electric car that will be sold in Europe under the Citroën and Peugeot names later this year. A vehicle-assembly plant in Kaluga, Russia, built by the two companies, will soon go on stream.

Mr. Masuko said that "in future, we could allow certain activities to complement each other. For example, we have a plant in America and we are very strong in Southeast Asian countries. Peugeot is in Central and South America. But at the moment there is nothing concrete."

Mitsubishi, Japan's sixth-largest auto maker by sales, saw its earnings improve in the fiscal third quarter. The maker of the Outlander and Pajero SUVs posted a net profit of 10.7 billion yen ($120.6 million) in the October-December period—its first profit in five quarters. A year earlier, the company reported a net loss of 17.54 billion yen.

Mr. Masuko said the current quarter will also be profitable, with figures "much better" than in the third quarter.

For its part, Peugeot-Citroën last month posted its broadest net loss for 20 years in 2009, but said it is confident it will make a recurring operating profit in the first half of this year amid improved demand and continued cost-cutting efforts. It declined to give guidance beyond midyear, however.

The two parties could resume talks over a capital alliance once prospects for the auto industry become clearer, said a Mitsubishi spokeswoman. Mr. Varin declined to comment.

Mr. Endo of Advanced Research Japan said Mitsubishi would now need to look for a new partner that would be willing to take a stake in the Japanese car maker to help it beef up technology development. He said such funds might be used to finance a possible buyback of the preferred shares valued at about 400 billion yen that Mitsubishi Motors issued to its major three shareholders: **Mitsubishi** Corp., **Mitsubishi Heavy Industries** Ltd. and Bank of Tokyo-Mitsubishi UFJ.

European Pressphoto Agency

Mitsubishi and Peugeot abandoned capital-alliance negotiations. Above, a Mitsubishi showroom in Tokyo on Wednesday.

Suicide bombers hit Iraq ahead of poll

Continued from first page

are watching the elections closely, hoping that a relatively orderly and peaceful poll will allow commanders to withdraw troops more quickly than envisioned.

The blasts struck Baqouba in quick succession, starting with a suicide car bomb that targeted a local government housing office near an Iraqi army facility, police spokesman Capt. Ghalib al-Karkhi said.

Within minutes, a second suicide car bomb exploded 200 yards down the street near the provincial government headquarters, and near many police and army personnel.

It was the final bomber, however, who caused the most casualties, by donning a military uniform, pretending to be wounded and riding an ambulance back to the hospital where he blew himself up, said Capt. al-Karkhi, killing many of the wounded from the first two bombs.

Police later safely detonated a fourth car bomb near the hospital.

The blasts come just ahead of Sunday's ballot to decide who will oversee the nation as U.S. forces go home. At stake is whether Iraq can overcome the deep sectarian tensions that have divided the nation since the 2003 U.S.-led invasion.

U.S. and Iraqi officials have warned of a possible spike in violence ahead of the weekend as insurgents seek to disrupt elections. A message last month purported to be from the leader of al Qaeda's front in Iraq promised just that.

No group immediately claimed responsibility for the bombings, but such attacks have been the hallmark of al Qaeda in Iraq. Police said they arrested four suspects and imposed an open-ended curfew on the city as they search for more suspects.

Spokesman Fakhri al-Obaidi of the Diyala provincial council said the bombings reflected a "major security failure," ending a time of relative calm in the province that was once known for sectarian fighting.

"These attacks aim to terrify people from going to polling stations, but I am sure that people will insist on voting," he said.

Wednesday's bombings were the deadliest since the start of February, when a female suicide bomber blew herself up at a way station for Shiite pilgrims also in Diyala, killing 54 people. At the time, Baghdad's top security official said extremists were adopting new methods to outwit bomb-detection squads such as stashing explosives deep inside the engines and frames of vehicles.

Iraqi authorities have vowed tight security in the capital and the rest of the country in the run-up to the election and on voting day.

Baqouba is the mixed Shiite-Sunni provincial capital of Diyala. The whole area was a flashpoint in the insurgency, although it has quieted since 2007.

Also on Wednesday, a senior official in Iraq's Independent High Electoral Commission said the results of Sunday's vote wouldn't be announced quickly because of the time required to collect votes from abroad and investigate any complaints. He didn't estimate when results would be released.

While Sunni leaders had talked about boycotting the election, they appear to have discarded the idea, despite the ban of hundreds of candidates for alleged ties to Saddam Hussein's former ruling Baath Party.

Reuters

A policeman patrols a Baghdad street Wednesday. Officials were prepared for a spike in violence ahead of Sunday's vote.

Taiwan set to let banks have China investors

By Crystal Hsu

TAIPEI—Taiwan is close to unveiling guidelines on the opening of its financial sector to investment from China, a senior government official said Wednesday, paving the way for the biggest structural changes to the island's banking sector in nearly two decades.

Taiwan will soon announce guidelines allowing Chinese financial firms to take stakes of 5% to 10% in local peers, and domestic financial firms to own up to 10% of their Chinese counterparts, said the official. Government agencies and Taiwan's cabinet are wrapping up details, the person said.

The move is the result of a November agreement between Taiwan and China on the liberalization of cross-strait investments in the financial industry. The agreement, which took effect in January, is part of the Taiwanese government's efforts to normalize ties with China and revive the island's economy.

Taiwan will soon announce guidelines allowing Chinese finance firms to take stakes of 5% to 10% in local peers.

But the devil remains in the details, and the two sides have been careful in opening their financial-services sectors to each other due to the complexity of the industry. Taiwan, which China considers part of its territory, also has to weigh the potential backlash locally should it open its financial-services industry too much to competitors from political rival China.

Taiwan and China must first sign a wide-ranging trade pact before financial firms on either side of the Taiwan Strait can invest in each other, the official said. The island plans to sign the trade pact—called the economic cooperation framework agreement—with China in the first half of the year to remove or lower bilateral tariffs to boost cross-strait trade.

The financial industry hopes to be included in the first batch of industries to enjoy favorable tax terms after the signing of the pact.

The island's makers of petrochemicals, auto parts, machinery and textile products will also likely be included in the early list of goods and services on which tariffs will be removed or lowered. The two sides are slated to hold talks on the list this month in Taipei.

Taiwan has been lowering barriers in part to make its industries more competitive and tap China's capital. Taiwan last month said it will lower barriers for its flat-panel and chip makers to do business in China. Taiwan's liquid-crystal-display and chip makers have been at a disadvantage to rivals in the U.S., Korea and Japan, which benefit from the mainland's lower costs and strong domestic market. On Wednesday, Taiwan's **AU Optronics** Corp. said its board approved a plan to invest US$1.2 billion in a new flat-panel plant in China.

As of 11 a.m. ET **Euro** 1.3691 ▲ 0.96% **Yen/US$** ¥88.55 ▼ 0.51% **Yen/A$** ¥80.21 ▼ 0.23% **Oil** 80.76 ▲ 1.36% **Gold** 1141.20 ▲ 0.38% **10-year Treasury** ▼ 9/32 yield 3.648% **3-month Libor** 0.25194

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Standard Chartered net climbs

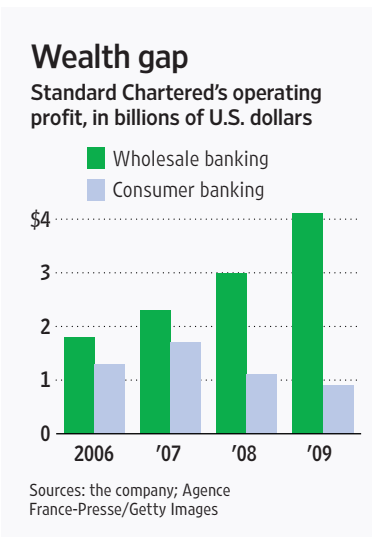
By Patricia Kowsmann And Chester Yung

Asia-focused **Standard Chartered** PLC reported a 4.7% rise in full-year net profit, helped by strength in its wholesale-banking operations, and said its core businesses are off to a good start in 2010 after a "particularly pleasing" performance in January.

"We've started the year strongly, with both wholesale- and consumer-banking businesses with a very good momentum, and profit and income were ahead of January 2009," Chief Executive Officer Peter Sands told a conference call Wednesday.

However, the U.K. lender cautioned that it sees continued challenges in the Middle East and South Asian markets, due in part to Dubai's debt problems and political uncertainties in Pakistan.

Standard Chartered—which derives more than 90% of its income from emerging markets in Asia, Africa and the Middle East—is believed to have one of the highest exposures to Dubai among banks globally.



Jaspal Bindra, Chief Executive of Standard Chartered in Asia

Without providing details, Mr. Sands said the bank is well-protected against potential losses.

Mr. Sands also defended Standard Chartered's $1.1 billion bonus pool, given its strong performance for the year, and said he is donating his $3.2 million award to charity as a personal decision.

Standard Chartered said its net profit for the year ended Dec. 31 was $3.28 billion, up from $3.13 billion in 2008.

The figure was in line with analysts' expectations of $3.3 billion.

On a pretax level, Standard Chartered reported a profit of $5.15 billion, up from $4.57 billion for 2008.

"Standard Chartered remains the unsung hero amongst U.K. banks, and these numbers bring the reporting season to a close in some style," said Richard Hunter, head of U.K. Equities at Hargreaves Lansdown Stockbrokers.

"In all, whilst the numbers did not exceed expectations, the level of profits tested recent records," Mr. Hunter said.

"In particular, the performance of the investment-banking unit was more than sufficient to cover the

Please turn to page 29

China Mobile seeks to buy bank stake

By Aries Poon

HONG KONG—**China Mobile** Ltd. is in talks to buy a stake in **Shanghai Pudong Development Bank** Co., a deal that could help the wireless carrier push further into mobile e-commerce.

China Mobile Chairman Wang Jianzhou said that he expects to reach an agreement with the Shanghai-based bank soon, and that the two sides have already decided how large a stake China Mobile is likely to take. He didn't give details.

Shanghai Pudong Development Bank separately confirmed it is in talks with China Mobile on a stake sale but didn't provide further details. A deal would help it meet stricter capital requirements at a time when several Chinese lenders have said they are trying to boost funds.

Local securities house Guotai Junan Securities said in a note last week that Shanghai Pudong Development Bank planned to sell 40 billion yuan ($5.86 billion) of new shares, representing about 20% of its enlarged capital, to China Mobile in a share placement. The research note didn't specify the source, and the amount couldn't be independently verified.

China Mobile has long eyed developing its mobile-payment services. "In our push into the mobile e-commerce business, we need to cooperate with banks," Mr. Wang told reporters during a teleconference Wednesday. "Shanghai Pudong Development Bank has the scale that is right for us, and their current share price is also reasonable."

European Pressphoto Agency
China Mobile's Wang Jianzhou

Shanghai Pudong Development Bank's shares last closed at 20.74 yuan on Feb. 25, after which it suspended trading saying it planned to introduce a strategic investor.

China Mobile, the world's biggest mobile operator by subscribers, would be joining telecommunications operators in Japan and South Korea that have agreements with banks to offer payment services via cellphones as a way to generate additional revenue.

Most recently, South Korea's biggest telecom operator by revenue, **SK Telecom** Co., late last year agreed to buy a 49% stake in the credit card unit of **Hana Financial**

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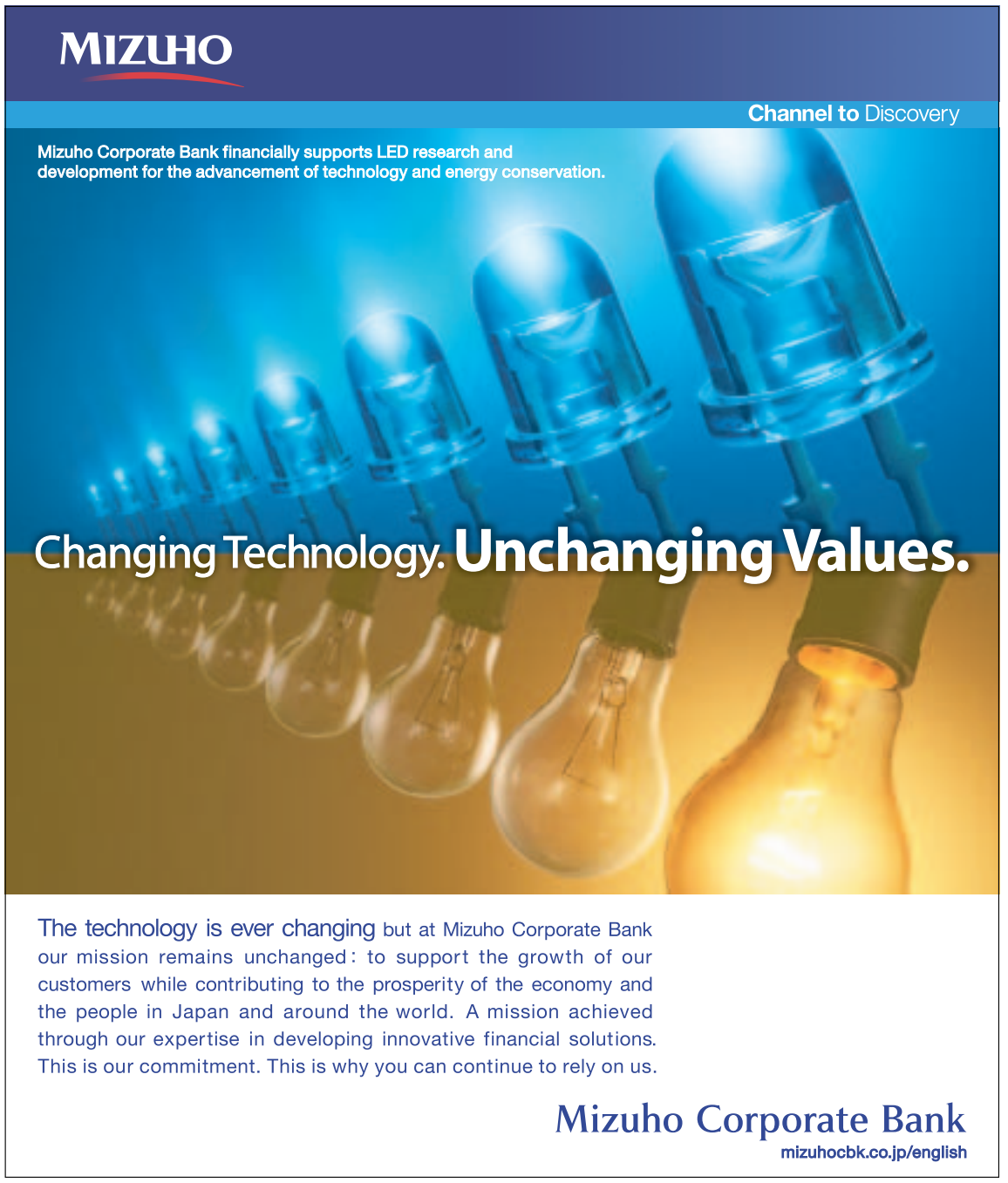
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AIG will stick to Nan Shan sale deal

Insurer affirms commitment to shed Taiwanese unit; Hong Kong consortium's application faces official review

By Perris Lee Choon Siong

TAIPEI—**American International Group** Inc., which agreed Monday to sell its Asian unit to Prudential PLC, is committed to selling its Taiwanese unit to a Hong Kong consortium, an AIG spokeswoman said Wednesday, amid lingering doubts over whether the deal will be completed.

AIG, which is working to repay the U.S. government for billions of dollars of bailout money, has received higher offers for its assets than it did last year as global markets have recovered. That raised the question of whether the protracted sale process of its Taiwanese unit, **Nan Shan Life Insurance** Co., would remain on track.

AIG had already reversed course on a planned initial public offering in Hong Kong for its American International Assurance Ltd. arm, its Asian operations excluding Taiwan. Before the deal with Prudential of the U.K., AIA had been set to raise as much as $15 billion.

"I can affirm AIG's total and complete commitment to the Nan Shan sale," AIG spokeswoman Lauren Day said. "AIG is not considering alternative outcomes to this sale."

Agence France-Presse/Getty Images

Two Nan Shan Life Insurance agents have their heads shaved in November in protest of AIG's plan to sell the insurer.

AIG continues to work with Taiwan's regulatory authorities and remains "wholly and firmly committed to the sale of its stake in Nan Shan to the consortium," she said.

A consortium that includes Hong Kong's **China Strategic Holdings** Ltd. and **Primus Financial Holdings** Ltd. won a bid to acquire 97.5% of Nan Shan from AIG for US$2.15 billion in October last year. But the agreement has been complicated by China Strategic's pact to sell a stake in Nan Shan to **Chinatrust Financial Holding** Co. The agreement awaits Taiwan regulatory approval.

The consortium irked Taiwan's regulators about a month after it won the bid, when China Strategic signed the agreement to sell a 30% stake in Nan Shan to Chinatrust, a Taiwanese consumer-banking conglomerate. The Chinatrust agreement raised concerns about China Strategic's commitment to Nan Shan in Taiwan, which was already worried about whether the consortium is backed by mainland Chinese funds, a sensitive topic in Taiwan. The consortium has consistently denied any mainland ties.

Taiwan's Investment Commission, which vets all inbound and outbound investments, has said it will brief the legislature's economic affairs committee before starting its review of the application officially. The Financial Supervisory Commission will review the application after the Investment Commission.

Fan Liang-tung, executive secretary of the Investment Commission, said Wednesday that various government agencies, including the financial regulator, are already looking at the consortium's application.

"We don't have a deadline as to when we want to complete the official review, as it will largely hinge on the briefing to lawmakers," Mr. Fan said.

Taiwan shuns public chip aid

By Jessie Ho

TAIPEI—In a major setback for Taiwan's memory-chip industry, the government said Wednesday it won't inject public funds into **Taiwan Memory** Co., the company it set up last year to better compete with big Japanese and Korean rivals.

The Taiwan government had hoped to consolidate the island's unprofitable dynamic-random=access memory chip makers under Taiwan Memory and fund the operations. But lawmakers in November passed a resolution prohibiting the government's national development fund from investing in the DRAM industry, saying that the investment would be too costly.

DRAM companies, which make chips that are widely used in personal computers, operate in a highly cyclical industry where changes in demand and supply lead to volatile price swings.

"Taiwan Memory would need to raise funds by itself; the government will respect the decision the company makes on its operation," Minister of Economic Affairs Yen-Shiang Shih told reporters.

The Taiwan government set up Taiwan Memory in July with the aim of restructuring the island's DRAM sector by obtaining technologies from foreign companies. But it hasn't injected any funds into the company. Taiwan Memory then chose **Elpida Memory** Inc. of Japan as its technology partner and planned to invest 20 billion yen ($225.4 million) in Elpida in exchange for the Japanese company's DRAM patents.

Analysts say Taiwan Memory missed the right time to restructure the island's chip makers as profits are improving amid stronger demand and recovering prices.

Separately, an Elpida spokesman said Wednesday it was going to be difficult to receive any investment from Taiwan Memory once the company's application for funds was rejected by legislators in November.

Chip-testing and -assembly company **Siliconware Precision Industries** Co. said in August it would buy shares in Taiwan Memory valued at one billion to two billion New Taiwan dollars, or US$31.2 million to US$62.5 million. But a spokeswoman for Siliconware said Wednesday the company will need to re-evaluate the plan.

China Mobile to buy stake in bank, boost e-commerce

Continued from previous page

Group for $343 million to introduce products that bundle banking and telecom services.

China Mobile has been offering services on a trial basis in a handful of cities in recent years.

The official Xinhua news agency reported last month that volume from China's mobile payment market will likely rise to 2.85 billion yuan this year from 1.97 billion yuan last year, and the user base may expand to 150 million by year-end, from 82.5 million the year before.

China Mobile said it began preliminary discussions with Shanghai Pudong Development Bank for the subscription of new shares in the bank, and is also exploring a potential strategic cooperation.

If new shares are issued, **Citigroup** Inc.'s 3.4% stake in the bank would be diluted. Citigroup couldn't immediately be reached to comment.

Chinese regulators have pressured banks to boost capital adequacy ratios—the amount of capital they must hold against their loans—amid fears the recent rise in bank lending to support the economy might boost bad-loan levels.

At the end of September Shanghai Pudong Development Bank's core capital-adequacy level had fallen below the 7% ratio required of Chinese banks with a national presence.

—Rose Yu in Shanghai and Yvonne Lee in Hong Kong contributed to this article.

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Panasonic TV picture clears

Firm expects unit to turn a profit in coming year, help it avoid third straight annual loss

By Daisuke Wakabayashi And Juro Osawa

TOKYO—**Panasonic** Corp. President Fumio Ohtsubo said he expects the company's unprofitable television business to turn a profit in the coming fiscal year, a critical element in the company's group-wide efforts to prevent an "unacceptable" third consecutive year in the red.

Panasonic acquired a majority stake in **Sanyo Electric** Co. last year to expand its green-energy business, but its core consumer-electronics operations are still struggling from price competition and a strong yen. Its TV business is especially weak, with a second-straight year of losses forecast for the current fiscal year ending March 31.

Panasonic has undergone extensive restructuring since the company's electronics sales plunged in the global economic downturn and expects to reduce fixed costs by $4 billion this fiscal year. Mr. Ohtsubo said the hard decisions of closing factories and cutting staff have made the company slimmer and stronger. "If we post another loss in the coming fiscal year, I would be too embarrassed to appear in public," Mr. Ohtsubo said in Tokyo.

Bloomberg News

Panasonic President Fumio Ohtsubo, speaking in Tokyo Wednesday, expects the company's TV unit to become profitable.

As prices of TVs continue to decline, Panasonic has lost market share. Undeterred, the company opened a plasma-display-panel plant in November and plans to open a liquid-crystal-display-panel factory in Japan this year.

Of Japan's major TV makers, Panasonic is the only company to invest in making the critical panel components for both plasma and LCD TVs. The company's major Japanese competitors invest in LCD panels only.

Mr. Ohtsubo said he recognized how that could be perceived as an excessive investment but noted that Panasonic has already scaled back its television capital investment to 445 billion yen ($5.02 billion) from its initial projection of 580 billion yen by 2012.

The Panasonic chief said he expects the total investment to be "several tens of billions of yen" less than the already lowered projection and sees the business benefiting from cost reductions and the introduction of 3-D TVs.

Osamu Hirose, an analyst at Japanese brokerage firm Tokai Tokyo Research Center, said the key to reaching profitability is for sales to be strong enough to ensure that the plasma-display factory will be running at full capacity.

"Making [the] TV business profitable is the single most important issue in Panasonic's electronics operations," said Mr. Hirose.

Panasonic ranked fourth globally among TV makers by revenue—behind **Samsung Electronics** Co., **LG Electronics** Inc. and **Sony** Corp.—with a market share of 8% in the fourth quarter of 2009, down from 9.2% in the previous quarter, according to research firm DisplaySearch, of Austin, Texas. In the first nine months of its fiscal year ending March 31, Panasonic's TV sales have fallen 4% to 807 billion yen.

Regarding how Panasonic plans to work together with Sanyo, Mr. Ohtsubo said the two companies are still in discussions and haven't finalized plans but admitted there are areas of overlap in consumer electronics, home appliances and components.

Panasonic should benefit in the short term from selling Sanyo's solar panels through its sales channels, Mr. Ohtsubo said, but longer term he sees an opportunity to offer home systems that not only create and store energy but also save power with environmentally friendly appliances and electronics.

Sanyo, which has posted losses in four of the last five fiscal years and is forecasting a 36 billion-yen net loss in the year ending March 31, will benefit from Panasonic's deep pockets. Panasonic has said it plans to invest about 100 billion yen to increase solar-panel production over the next five years.

Mr. Ohtsubo also said his company doesn't plan to interfere with Sanyo's strategy to supply batteries to multiple auto makers, while Panasonic will proceed with its car-battery joint venture with **Toyota Motor** Corp. He cautioned, however, that the nascent car-use lithium-ion-battery market is in a chaotic state and relationships between companies are rapidly changing.

By almost any measurement, the potential for green energy is massive.

Revenue for rechargeable lithium-ion batteries used in automobiles is expected to grow more than 200-fold to 2.25 trillion yen in 2014 from 25 billion yen last year, according to the research firm Fuji Keizai. Meanwhile, the fuel-cell-systems market is forecast to expand 100-fold by 2025 and solar-panel revenue is expected to increase fivefold by 2020, based on Fuji Keizai forecasts.

Ranbaxy misses out on U.S. drug launch

By Rumman Ahmed

BANGALORE—**Ranbaxy Laboratories** Ltd. said Wednesday it couldn't launch a generic drug to treat urinary disorders as planned in the U.S. because it didn't get the Food and Drug Administration's clearances on time, highlighting the difficulties the Indian company is facing to sort out regulatory issues in its biggest market.

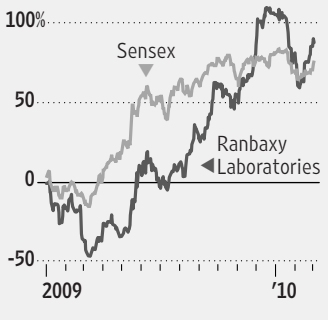
This is the second time that Ranbaxy, which is embroiled in regulatory issues in the U.S., lost out on launching its products on time to benefit from an exclusivity period given to companies filing first to sell generic versions of patented drugs.

The exclusivity period typically generates higher revenue and better margins.

Ranbaxy—India's biggest drug maker by sales and a unit of Japan's **Daiichi Sankyo** Co.—had the "first-to-file" status on the generic version of Flomax. Japan's **Astellas Pharma** Inc. holds the patent on the urinary-disorder drug, while Germany's **Boehringer Ingelheim** GmbH markets it in the U.S.

Regulator woes

Stock performance of Ranbaxy Laboratories vs. Sensex



Source: Thomson Reuters Datastream

The company had last year lost out on being the first to launch a generic version of **GlaxoSmithKline** PLC's migraine drug Imitrex in the U.S., also because of a delay in receiving FDA's approval.

Ranbaxy's sales in the U.S. have been suffering for more than a year after the FDA found deficiencies in manufacturing practices at some of its plants.

In September 2008, the regulator banned the company from importing more than 30 generic drugs into the U.S. The FDA later said the company also falsified test data at one of its plants.

Under a patent settlement agreement with Astellas on Flomax—also known by its generic name tamsulosin hydrochloride—the Indian company was to launch the drug in the U.S. on March 2 and it would have enjoyed eight weeks of exclusive sales for the drug.

"We regret that, despite our best efforts, we were not able to get an approval for the subject product, and hence will not be in a position to launch the product," a spokesman for Ranbaxy said in an emailed statement.

Aarthisundari Jayakumar, a pharma analyst at Alchemy Share & Stock Brokers Pvt. Ltd., said she was estimating sales of about $60 million for the company in the eight-week exclusivity period, which, she said, would have translated into earnings of 4 rupees ($0.08)-5 rupees per share.

Meanwhile, U.S.-based **Impax Laboratories** Inc., which had also settled a patent lawsuit with Astellas Pharma and Boehringer, launched the drug Tuesday. Total sales of Flomax were about $2.1 billion in 2009, according to Wolters Kluwer Health.

Ranbaxy shares fell 1.3% to 473.1 rupees on the Bombay Stock Exchange.

Alzheimer's treatment falls short

By Thomas Gryta

Medivation Inc. reported that its Dimebon experimental Alzheimer's disease treatment, in development with **Pfizer** Inc., failed to show effectiveness in a large late-stage study, crushing the near-term hope for a new treatment for the degenerative disease. The news also sent shares of Medivation—which has no products on the market—plunging 67% to $13.22 on heavy volume in midday trading on the Nasdaq Stock Market. On Tuesday, the stock had set an all-time high of $40.49.

The trial, which included 598 patients with mild to moderate Alzheimer's disease studied over six months, actually showed that patients in the placebo arm fared better than those on the drug, by some measures. Across the study, patients on a placebo either stayed where they started or improved, according to key measures of the disease's hallmarks. Those measures included memory and thinking, behavior, activities of daily living and overall function.

"We don't really know what happened in the study," Chief Executive David Hung said in an interview. "We are really working with our colleagues at Pfizer to better understand the data." Dr. Hung said that if the placebo group had been in the "normal range," it still wouldn't have changed the negative outcome.

"With these data, we have to reconsider the entire program," he said on a conference call Wednesday. "We are in the middle of that analysis right now."

The late-stage study was structured similarly to a successful midstage trial, in which Dimebon showed success with the disease's hallmarks. The strong results of the midstage study, which was smaller and conducted entirely in Russia, were published by the British medical journal the Lancet, helping to quell speculation that the data could be corrupt.

Dr. Hung defended the data in the Lancet study on Wednesday, although both San Francisco-based Medivation and Pfizer plan to investigate why the results of the latest study could be so different when the trial designs were so similar. If the late-stage trial had been successful, the companies could have filed for regulatory approval because the U.S. Food and Drug Administration accepted the Lancet study as one of two trials needed.

Dimebon remains the subject of other studies that could prove successful, and the drug has shown effectiveness in another degenerative disease of the brain, Huntington's disease. "Even though this is one battle, this is not the war," Dr. Hung said, although the company won't project when additional data on the drug will be available. On the call, the companies highlighted that Alzheimer's disease has been a difficult area in which to show drug effectiveness. They noted that Namenda, sold by **Forest Laboratories** Inc., failed to show a benefit over a placebo in three different large trials.

Briggs Morrison, senior vice president of clinical development in Pfizer's Primary Care Business Unit, said the company is committed to studying Alzheimer's, but he declined to comment on whether the drug giant would continue working with Medivation on Dimebon.

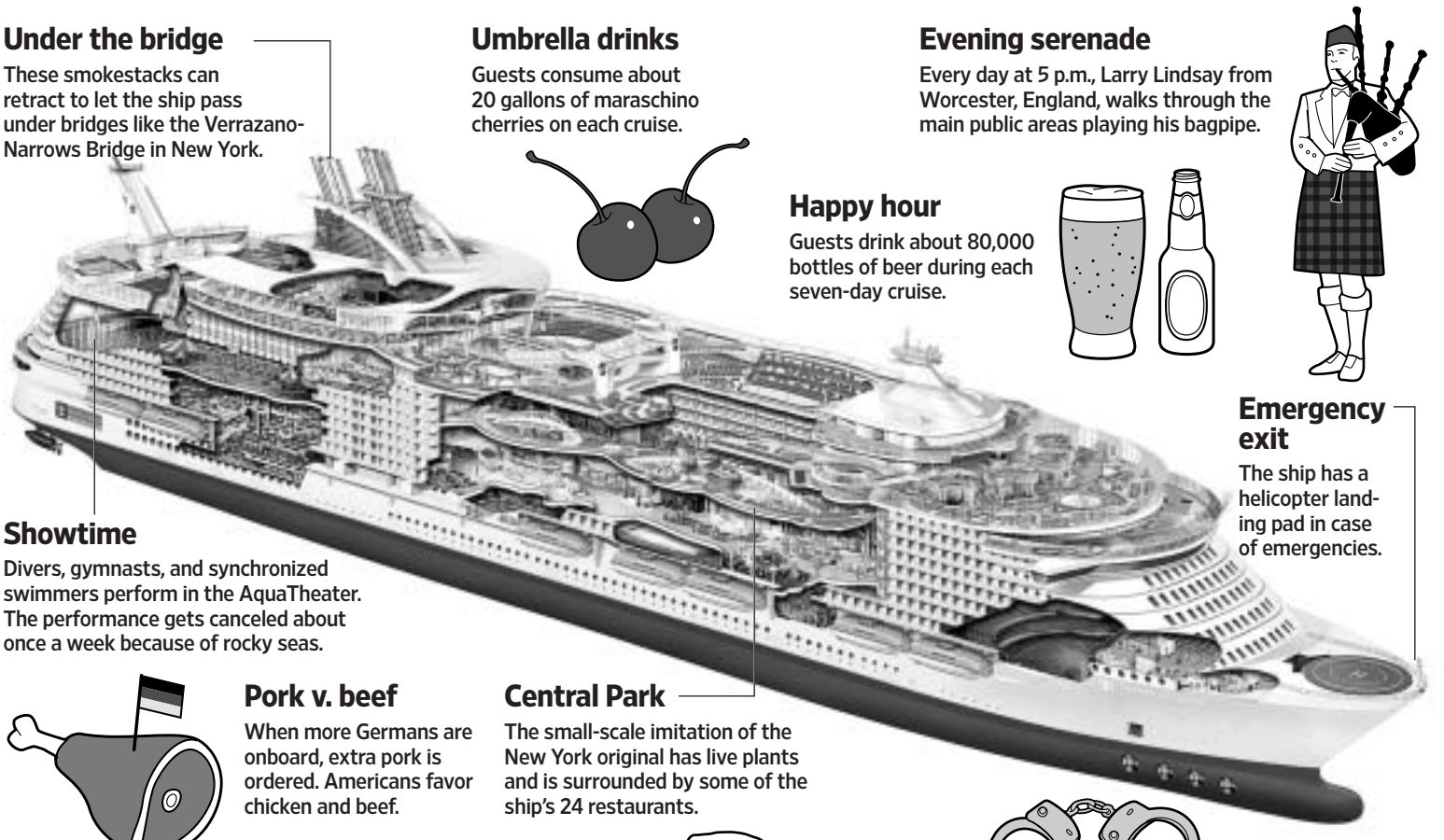
CORPORATE NEWS

What it takes to keep a city afloat

In a day, the world's largest cruise ship can sail with 8,600 people, 750 pallets of food and its own 'Central Park'

By Sarah Nassauer

AT SEA | What's on board the world's largest cruise ship, Oasis of the Seas.


Under the bridge
These smokestacks can retract to let the ship pass under bridges like the Verrazano-Narrows Bridge in New York.
Umbrella drinks
Guests consume about 20 gallons of maraschino cherries on each cruise.
Evening serenade
Every day at 5 p.m., Larry Lindsay from Worcester, England, walks through the main public areas playing his bagpipe.
Happy hour
Guests drink about 80,000 bottles of beer during each seven-day cruise.
Emergency exit
The ship has a helicopter landing pad in case of emergencies.
Showtime
Divers, gymnasts, and synchronized swimmers perform in the AquaTheater. The performance gets canceled about once a week because of rocky seas.
Pork v. beef
When more Germans are onboard, extra pork is ordered. Americans favor chicken and beef.
Central Park
The small-scale imitation of the New York original has live plants and is surrounded by some of the ship's 24 restaurants.
Go to jail
The Oasis has a jail, where alleged law-breakers are held until the ship can reach port.
Turning green
Medical staff gives out about 2,000 to 3,000 meclizine, a drug that treats sea sickness, every week.
Galley
There are 26 kitchens for 24 restaurants and the staff cafeteria.

By Sarah Nassauer

How do you keep more than 6,300 people fed, housed and having the time of their life while floating in the middle of the ocean?

The Oasis of the Seas—the world's largest cruise ship—aims to accomplish that feat nearly every week. Almost five times as large as the Titanic, it has a population during its seven-day Caribbean sailings that is larger than many American small towns—more than 8,600 when it is fully booked and including staff. The **Royal Caribbean Cruises** Ltd. ship, which first set sail last December, is almost as long as five Airbus A380 airplanes. It has 24 restaurants and its own leafy "Central Park." During the week-long sailings, about 700 tons of new supplies are needed, all loaded aboard each Saturday. Guests consume about 75 liters of maraschino cherries and 80,000 bottles of beer.

Traveler demand for cruises is up this year, and cruise lines are raising prices. That is a big turnaround from last year when the recession hit the industry hard.

Over the past decade, cruise ships have been supersized as operators have tried to cram in ever more lavish features and activities. The Oasis, for example, has two rock climbing walls, a zip line that allows guests to fly through the air, and surf machines so passengers can hang 10 without leaving the boat. Royal Caribbean also has three other ships that can each hold more than 4,000 passengers. "Going to the larger ships just allowed us to offer so many more activities, " says Richard Fain, the company's chairman and chief executive. "We thought people would like it and if they liked it they would pay more...and at the same time, it would offer economies of scale," he says. A one-week Oasis trip in the Caribbean this year costs about $1,458 for an inside cabin and $3,200 for a two story "loft suite" facing the ocean.

The big ship is controversial. Competitor **Carnival** Corp. is pushing a fleet of relatively smaller ships—its largest max out at about 4,000—which it says offer a better experience for passengers and ease reaching ports. "I kind of look at her [the Oasis] like the Mall of America. It will also attract millions of people, but it's not what we do," says Micky Arison, Carnival chairman and chief executive. "It's kind of like a train wreck you want to go see."

Arthur Frommer, founder of Frommer's Travel Guides, says the Oasis represents "a dumbing down of the travel experience" because it stops only in a handful of ports. The ship is too big to dock in some popular spots such as Venice and Bermuda.

Royal Caribean says tickets for the Oasis are selling well, and most of its loft suites are reserved for the next two years. "It was amazing," said Lynn Scott, a 59-year-old sale and marketing specialist from Kingwood, Tex. after a recent cruise. "It was relaxing, it was entertaining, the food was great," said the first time cruiser who sailed with a group of 30 friends. "We are trying to figure when we can go back."

Ensuring a floating city the size of the Oasis operates smoothly is challenging. Cleaning the ship, doing laundry, and fixing things are a 24-hour job for crew members. One of the popular acts, an outdoor Aqua Show with divers, gymnasts and synchronized swimmers, gets canceled about once a week because of rough seas.

Barbara P. Fernandez for The Wall Street Journal

In the laundry room, 14.5-kilo bags of sheets and towels are sorted and loaded into machines.

Dozens of people and 18 robots wash windows each day. "It's like painting the Golden Gate Bridge. Once you're finished, you start again," says Chris van Raalten, ship manager for marine operations, the group of employees that steer the ship and maintain the ship's exterior and mechanics like the engine. Robots take care of hard to reach places and metal baskets move crew along the upper decks where there are no balconies to support them. Scheduling the cleaning can be tough. The washing can't be done in every port because of environmental regulations, so it often happens while sailing, Mr. van Raalten says.

In the ship's belly, the laundry room hums 24-hours a day: 34 crew members, mostly men from Indonesia, wash more than 20,000 pieces of linen such as towels, table cloths, and sheets daily.

The ship has three doctors on board. It also has its own intensive care unit and can keep one person at a time on life support. Every few weeks a passenger has a heart attack so thrombolytic drugs are kept on-hand, says Chris Taylor, the ship's senior doctor.

If there's a serious illness, the ship's doctors and captain can decide to divert to a port early, but rarely is anyone airlifted back to the U.S., says Dr. Taylor, who has been a doctor on cruise ships for seven years. "Many people have the belief that the U.S. coast guard is always going to come to the rescue if there is any emergency at sea. The actual truth of the matter is that most of the time the ship is well out of range of the coast guard," he says.

Feeding more than 8,000 people takes 26 kitchens—and some complicated logistics. Every Saturday morning, before the sun comes up and while passengers are still asleep, the ship docks in its home port, Port Everglades, in Fort Lauderdale, Fla.

One recent Saturday, by 6 a.m. semitrucks had arrived. They would eventually unload about 750 pallets of food, flowers, and other supplies. Longshoremen hopped into forklifts and started moving the pallets, buzzing around the ship's giant hull as the sun rose.

By 5 p.m. on Saturday, after loading all the necessary supplies and its next group of travelers, the Oasis is usually pulling out of the Port Everglades port and heading for the Caribbean. Even though the ship is very big (with a gross tonnage of 225,282), it is highly maneuverable thanks to the three Azipods—giant propellers that can rotate 360 degrees—under its belly, says Captain Thore Thorolvsen.

The majority of the time the ship is on autopilot, he says, except when the ship is pulling in and out of a port. Then, it will sometimes be steered by hand. "That's when there are really some tense moments here on the bridge," said Capt. Thorolvsen, standing in front of a bank of electronic mapping and steering devices in the ship's central command area.

"She is big, she is wide and she is very very heavy," he said.

WSJ.com

ONLINE TODAY: See a video and interactive graphic of the world's largest cruise ship at **WSJ.com/Travel.**

CORPORATE NEWS

Costco logs strong growth overseas

Profits increase at warehouse clubs, but growth in the U.S. is lackluster compared with international sales results

By Karen Talley

Costco Wholesale Corp. and **BJ's Wholesale Club** Inc., among the largest warehouse clubs in the U.S., posted disappointing quarterly earnings, with BJ's also offering a soft outlook.

Costco's burgeoning international sales are vastly outpacing its U.S. same-store sales. The company said its international sales jumped 26% in the fiscal second quarter, spurred by the weaker dollar.

Overall, the company's same-store sales rose 9%, with its U.S. sales showing a 5% gain—aided by higher gasoline prices.

For the quarter ended Feb. 14, Costco profit rose 25% to $299 million, or 67 cents a share, from $239 million, or 55 cents a share, a year earlier.

The latest results included a $22 million pretax charge, equivalent to three cents a share, for a change in employee benefits under which certain unused time off will now be paid annually to the employee.

Costco's total revenue increased 11% to $18.74 billion from $16.84 billion. Analysts surveyed by **Thomson Reuters** had predicted a profit of 72 cents a share on $18.56 billion in revenue.

"While customer traffic has been positive, ticket [price] remains weak," **Citigroup** retail analyst Deborah Weinswig said of Costco.

Costco currently operates 566 warehouses, including 413 in the U.S. and Puerto Rico, 77 in Canada, 21 in the United Kingdom, seven in Korea, six in Taiwan, nine in Japan, one in Australia and 32 in Mexico.

Shoppers have been flocking to discounters in the economic downturn, although recent price declines in food have squeezed the industry's margins.

Shoppers have been flocking to discounters in the economic downturn, although recent price declines in food have squeezed the industry's margins. After BJ's outperformed larger rival Costco through most of last year, the two clubs' sales growth rates were similar in late 2009.

Meanwhile, at BJ's, fiscal fourth-quarter earnings rose 4.6% on legal gains. BJ's, the No. 3 warehouse retailer in the U.S. after Costco and **Wal-Mart Stores** Inc.'s Sam's Club unit, sees profit for the year at $2.54 to $2.64 a share, with the first quarter's target at 40 cents to 45 cents. That full-year forecast is shy of analysts' average per-share estimate of $2.74, according to Thomson Reuters,.

Separately, BJ's said February same-store sales rose 7.5%, with half of that due to higher gasoline prices from a year earlier.

The company added that a calendar shift moving the Super Bowl to the February reporting period from January boosted results by some two percentage points. However, that was offset by a series of snowstorms hitting the East, the base of BJ's operations.

For the quarter ended Jan. 30, BJ's posted a profit of $55.1 million, or $1.01 a share, up from $52.7 million, or 91 cents a share, a year earlier. The latest results included six cents of legal gains while the prior year had a two-cent tax gain.

In November, BJ's forecast earnings of 96 cents to $1 a share.

Nissan

The Nissan Armada is part of a recall over brake pedals and fuel gauges.

Nissan plans to recall about 500,000 cars

By Yoshio Takahashi

TOKYO—**Nissan Motor** Co. on Wednesday said it will recall 539,864 trucks, sport-utility vehicles and minivans in North America and some Asian and European markets because of problems with brake-pedal pins and fuel gauges.

The announcement follows its recall last week of 76,415 vehicles in Japan because of issues with electric cables connected to the engines and comes on the heels of **General Motors** Co.'s recall Tuesday of 1.3 million compact cars with suspect power steering.

Car makers have become sensitive to responding quickly to quality issues as **Toyota Motor** Corp. takes heat for how it handled the recall of 8.5 million vehicles world-wide.

Sales of Toyota vehicles in the U.S. dropped 8.7% in February from a year earlier. The company has responded by launching a promotional campaign.

Nissan said there have been no reported accidents or injuries related to the problems that prompted its latest recall. The Japanese car maker said it found a manufacturing error in brake-pedal pins and there have been three reported instances of it partially disengaging. The company also said fuel gauges in vehicles with high mileage may indicate the fuel level incorrectly.

Models subject to the pedal-pin recall are the Infiniti QX56 SUV, Titan pickup truck, Armada SUV and Quest minivan. Besides the latter, these are also subject to the fuel-gauge recall, with the Frontier pickup and Pathfinder and Xterra SUVs.

Of the 539,864 vehicles affected, 418,865 are in the U.S. with the remainder in Canada, Mexico, Taiwan, Japan, the Middle East, Russia, Ukraine and other markets.

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CORPORATE NEWS

Airlines fight EU delay penalties

European carriers say stricter protections for inconvenienced passengers could cost them up to $6.8 billion a year

By Daniel Michaels

BRUSSELS—European airlines are battling against consumer advocates over recentchanges to the European Union's air-passenger protection rules that carriers say could cost them as much as €5 billion ($6.8 billion) annually, deepen their losses and force up ticket prices.

The change stems from a November ruling by a top EU court, which was applied for the first time last month by authorities in Germany and Spain. The ruling, by the European Court of Justice, significantly increased the number of flights for which passengers can claim compensation because it equated a delay of more than three hours with an outright cancellation.

The EU's original air-passenger protection law, passed in 2004, spelled out clear penalties for flight cancellations but was less specific about delays. The law covers all EU airlines and any flight departing from an EU airport. Payouts can range from €250 to €600 per passenger, no matter the price of the ticket.

The European court, whose decision is now law, reasoned that the impact of a delay is comparable to that of a cancellation: A passenger arrives late. It ruled both should therefore be treated equally. Significantly, the ruling is retroactive to 2005, when the law came into force.

Air rights

Under a European Court ruling from November, airline delays of more than three hours are deemed equal to cancellations, entitling passengers to specified compensation.

The original EU law from 2004 distinguished between delays and denied boarding under these rules:

Delays

Delay duration	Compensation per passenger
From two hours to over four hours, depending on flight distance	Free meals and refreshments; two free messages by phone, e-mail, fax or telex
Until next day	Hotel accommodation and transport between airport and hotel
Over five hours	Passengers may opt for reimbursement of the full ticket cost and return flight to the first point of departure (when relevant)

Denied boarding*

Flight Distance	Compensation per passenger
Up to 1,500 km	€250
Intra-EU flights under 1,500 km and all other flights 1,500 - 3,500 km	€400
All other flights	€600

*Cancellation or bumping

Source: European Union

European airlines were stunned by the decision, which they argue effectively rewrote the legislation.

Carriers are lobbying European authorities to amend the law or return the case to the European Court through another test case. But either path could take two years and there is an uncertain outcome, lawyers say.

The issue promises to be a focus of a conference Wednesday at the European Parliament organized jointly by Brian Simpson, chairman of the parliament's transport committee, and the Association of European Airlines, a trade group.

The session, which is outside the legislative process, comes as the EU considers updating its passenger-rights law. Officials from airlines including **Air France-KLM** SA and **British Airways** PLC are slated to square off against representatives of several consumer groups over how airlines operate and treat customers.

Consumer advocates have lauded the European court decision as a victory for passengers. "We wholeheartedly welcome the ECJ decision," said David McCullough, spokesman for BEUC, an umbrella organization for European consumer groups in Brussels.

But a group of British airlines in December warned their government that "this judgment calls into question the viability of the industry in its current form."

Eight members of the British Air Transport Association wrote to the country's transport secretary to attack the ruling, arguing it would add between €3 billion and €5 billion annually to European carriers' liability for delay compensation.

The total amount airlines currently pay in compensation isn't tallied by eitherthe EU or airlines. Carriers generally don't publish figures on their payments.

Airline critics say carriers are exaggerating the impact. EUClaim, a Dutch company that processes filings under the EU legislation and takes a 27% cut of any payout, estimates the ruling will add roughly €850 million annually a year.

Still, European airlines overall are deeply unprofitable and industry officials say the ruling will increase their losses. They predict higher ticket prices and a wave of lawsuits by the carriers against government-run air traffic control systems and other industry players, who are ultimately responsible for many of the delays.

Mr. Simpson, the European Parliament member hosting Wednesday's conference and a framer of the original legislation, said in an interview that he and other parliamentarians believe airlines skirt rules to put profits ahead of passengers' convenience.

"Members believe the airlines are flouting the law" by using technicalities to avoid paying compensation claims, said Mr. Simpson, a member of Britain's left-of-center Labour Party. The EU court ruling, he noted, resulted from lawsuits over passenger claims that airlines had balked at paying.

"The industry brought this ruling upon themselves by desperately trying to find loopholes," Mr. Simpson said. "You could say the industry was hoisted by their own petard."

Airline-industry officials argue that the 2004 law is ambiguous. They say the recent EU court decision has worsened the situation by rewriting the law in ways its creators had explicitly rejected.

"The regulation is poorly drafted," said Anthony Concil, spokesman for the International Air Transport Association, a global trade group. "That a court can interpret a delay of three hours as a cancellation goes back to the ambiguity of the legislation."

Mr. Concil said that when the European Commission, the EU's executive arm, first officially proposed the legislation in 2001, it explicitly cited "a difference" between long delays and cancellations because delays are often beyond an airline's control.

Mr. Simpson in the European Parliament said the court ruling is "well within the scope and the spirit of the law." He said the legislature is likely to include the court ruling in any revision of the rule. "I think the members will look to tighten the regulation, not slacken it," Mr. Simpson said.

Airline officials are trying to prevent that by arguing that competition already creates strong incentives to provide good customer service, and that delays or cancellations are very costly to carriers. "What airlines need to do is explain to the regulators what we do in delay situations," said Ulrich Schulte-Strathaus, secretary-general of the Association of European Airlines, the co-sponsor of Wednesday's conference.

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Pfizer prepares bid for generics maker

By William Launder
And Eyk Henning

U.S. drug maker **Pfizer** Inc. plans to bid as much as €3 billion, or about $4 billion, for German generic-drug maker Ratiopharm International, according to people familiar with the matter.

A bid by Pfizer would intensify the battle for Ratiopharm, with Israeli drug maker **Teva Pharmaceutical Industries** Ltd., widely seen as the other most likely candidate to take over the company.

Pfizer's takeover plan is expected to include additional funding for research and development at Ratiopharm, one of the people familiar with the matter said.

Investors have been waiting for more details on the bid by Pfizer since last week, when several people familiar with the matter said the drug maker was still in the running and willing to bid up to €3 billion.

Morgan Stanley analyst Christopher Caponetti said In a research note that a Ratiopharm deal would "make sense" for Pfizer by creating revenue synergies and helping Pfizer to expand in emerging markets and generic drugs.

The Merckle family, which owns Ratiopharm through its **VEM Vermoegensverwaltung** GmbH investment vehicle, needs to sell Ratiopharm to ease debt amassed by its founder, Adolf Merckle. Mr. Merckle committed suicide early last year after losing millions of euros in soured stock market bets.

A spokesman for Pfizer declined to comment.

U.S. investigates bearish euro bets

SAC Capital Advisors, Greenlight Capital, Soros Fund and Paulson told to retain records; a question of collusion

By Susan Pulliam And Kate Kelly

The Justice Department has launched an investigation into whether hedge funds might have banded together to drive down the value of the euro, people familiar with the matter say.

In a letter last week, the department has asked hedge funds including **SAC Capital Advisors** LP, **Greenlight Capital** Inc., **Soros Fund Management** LLC and **Paulson & Co.** to retain trading records and emails relating to the euro, say people who have seen the letter.

The letter was dated Feb. 26, the same day a page-one article in The Wall Street Journal outlined a large bet being made in recent weeks by heavyweight hedge funds against the euro, in moves that are reminiscent of the trading action at the height of the financial crisis like bets against Lehman Brothers and other troubled firms.

The Journal article disclosed that the big euro bets were emerging amid gatherings including an "idea dinner" involving a number of hedge funds including SAC, Greenlight and Soros, where a trader argued that the euro is likely to fall to "parity," or equal to, against the dollar on an exchange basis. The euro trades at roughly $1.37.

One of the questions investigators are likely to examine is whether such information-sharing constitutes collusion, the people say. Charges relating to collusion on Wall Street have been a rarity because of the difficulty of proving that firms intentionally sought to act together and acted nefariously.

The move by the Justice Department highlights the scrutiny the financial world faces amid recent trading in securities related to the Greek crisis. Some critics say hedge funds, banks and others in the U.S. and Europe have exacerbated the financial difficulties in southern Europe by helping nations there mask their debts through swaps and other derivatives—and now are benefiting by forcing down the value of securities related to them.

Last week, Federal Reserve Chairman Ben Bernanke said the U.S. central bank is examining derivatives transactions financial firms made with Greece. "We are looking into a number of questions related to Goldman Sachs and other companies and their derivatives arrangements with Greece," Mr. Bernanke told the Senate Banking Committee. **Goldman Sachs Group** Inc. declined to comment.

The Justice Department's letter said the antitrust division "has opened an investigation into agreements among various hedge funds that trade euro contracts," including contracts to trade euros in the "cash or the derivatives market," a person familiar with the matter says.

The letter requested that the funds "preserve all documents" and electronic communications relating to agreements to trade the euro or communications about agreements to trade currencies, the person says.

This isn't the first time the antitrust division has examined whether there was collusion on Wall Street. In 2006, for instance, the Justice Department opened an inquiry into possible anticompetitive behavior related to "club deals." No charges have been brought.

The bearish bets against the euro were being made even as some hedge funds, such as SAC, Greenlight and Soros, have gathered in recent weeks where the euro outlook was a topic.

At one sucn gathering on Feb. 8 at a Manhattan restaurant, an SAC portfolio manager said he believed the euro could fall to a level equal to that of the dollar and urged other traders to "short," or bet against, the euro as his firm had, according to people at the dinner. The size of the bets against the euro is unclear.

In a research note issued to hundreds of hedge-fund clients shortly after the dinner, the research boutique that hosted the event summed up the SAC manager's argument without mentioning his name.

"The presenter was short banks in size back in [2007] and [2008]," the research report stated, "and argues that the leverage problem didn't go away, it just got transferred to the public sectors."

Reuters

The hedge-fund firm of billionaire investor George Soros, left, is among those whose euro trades are being investigated by the U.S.

Greek plan allays fears in credit, currency arena

By Ainsley Thomson And Emese Bartha

LONDON—The Greek government's new austerity measures drew a positive response from European credit and currency markets, further allaying fears that Greece might default on its debt.

The measures, which will yield the Greek state more than €4 billion ($5.4 billion), include steep cuts in civil-service salaries and entitlements, as well as a rise in Greece's sales tax by two percentage points.

In the credit-default-swap market, the cost of insuring Greek sovereign debt against default continued to fall Wednesday. The annual cost to insure €10 million of Greek government debt for five years was €301,000 in late afternoon, compared with €320,100 Tuesday, according to CMA DataVision.

The cost hit a peak of €425,000 on Feb. 4.

Still, the cost of Greek sovereign-default insurance remains the highest of any euro-zone member. For comparison, the annual cost of protection against a default by Germany was €35,000 Wednesday.

Credit-default swaps are derivatives that function like an insurance contract against defaults on debt. If a borrower defaults, the protection buyer is paid compensation by the protection seller. Swap buyers may be protecting investments they own or simply making bearish bets against companies or countries.

The cost of insuring Greek debt had already fallen this week ahead of Wednesday's announcement, on the expectation that it could pave the way for support measures for Greece from France and Germany.

The differential in yields on 10-year Greek government bonds and euro-zone benchmark German bunds narrowed to 2.89 percentage points. The spread is 0.22 percentage point down from Tuesday's closing level of 3.11 percentage points.

The current gap means that investors in Greek debt demand a yield of 2.89 percentage points more than what is available on German bunds to compensate them for the greater risk involved. Greek 10-year bonds yield 6.07%.

Like the cost of credit-default swaps protecting against a default by Greece, the yield spread on Greek debt relative to bunds has been narrowing in the past few days in anticipation of further Greek austerity measures.

Meanwhile, the euro was stronger against the dollar, rising to $1.3731 by midday in New York, compared with $1.3609 late Tuesday.

Gary Jenkins, head of fixed-income research at Evolution Securities, said Wednesday's announcement would give European Union governments more political capital in the event that they do eventually need to provide liquidity to Greece, as they would be able to tell taxpayers that Greece has taken further measures as requested by the EU.

"In fact today is just about facing the reality that the original targets [for deficit reduction] would not be reached without further cuts," he said.

—Mark Brown and Gary Stride contributed to this report.

For more information on how to exhibit or visit the event, please contact Sophie Pichot by email sophie.pichot@shorex.com or by phone +44 20 7482 1000.

www.shorexsingapore.com

MARKETS

Dubai World coughs up former hotel

Lender Danske Bank is shopping Knickerbocker site in Times Square after investment fund defaults

By A.D. Pruitt
And Craig Karmin

The former Knickerbocker Hotel site near the heart of Times Square has become the latest **Dubai World** investment to go belly up, as well as the target of investors wanting to pick up the property at a discount price.

Istithmar World Capital, the private-equity arm of the Dubai government's investment fund, recently handed back the keys to the 700-square-meter building at 42nd and Broadway to its lender, **Danske Bank** A/S, after defaulting on its $300 million mortgage. The property, which served guests like Italian tenor Enrico Caruso during its heyday, was part of the Dubai firm's ill-fated strategy of running "upmarket hotels in gateway cities," said a person familiar with the matter.

In recent decades, the property has been operated as an office building known as 1466 Broadway. But Istithmar emptied it of most of tenants as part of a plan to convert it back into a hotel.

While there are plenty of struggling properties on the market, the building is attracting interest because it represents one of the best development sites in the Times Square area for a new hotel. Its appeal is enhanced because, besides paying $300 million for the building, Istithmar also spent $76 million to buy an adjoining vacant lot.

The bank has hired **Jones Lang LaSalle** to market the property and is getting a lot of interest, said Ben Singer a Jones Lang LaSalle broker. Among the interested bidders is **Sitt Asset Management**, the New York real-estate company that sold Istithmar the building in 2006, according to people familiar with the matter. Sitt executives didn't return calls seeking comment.

New York City hotels have been clobbered along with the rest of the lodging industry. "About half the hotels in New York City are experiencing some level of financial distress," said Bjorn Hanson, a hospitality professor at New York University's Tisch Center.

But New York hotels also have been able to maintain a relatively high level of occupancy because of discounting. Rates in the city also remain the highest in the country. Investors who are bullish on the New York hotel business recognize that the Knickerbocker represents a rare buying opportunity.

"That entire area still is a highly desirable area for hotel development, especially if there can be views of all the neon lights and Times Square activity," Mr. Hanson said.

Istithmar purchased the beaux-arts-style office building in 2006 near the height of the commercial real-estate boom. The Dubai firm had hoped to convert the office building back to a five-star hotel, with up to 300 rooms. The private-equity firm last fall abandoned those plans when it became squeezed for cash. At that point, a Times Square building no longer fit the firm's strategy.

In planning to return the Knickerbocker to its former glory, Istithmar had much history to draw on. Financed by the Astor family and known as the 42nd Street Country Club, the hotel was one of the most prestigious spots in midtown Manhattan when it opened at the start of the 20th century. It was the initial home to the famous Maxfield Parrish 9-meter-long mural of Old King Cole, now residing at Manhattan's St. Regis hotel. But Prohibition hurt the Knickerbocker's business, and it closed in 1921, becoming a residential, and later office, building. Partly because Istithmar hasn't been renewing leases, the building, which has a Gap store at the base, is nearly 50% vacant, according to real-estate research firm CoStar.

Noah Rabinowitz for The Wall Street Journal

The former Knickerbocker Hotel in Times Square has drawn interest because of its prime location.

Dubai went on a high-end hotel buying spree around the height of the market, scooping up a 50% stake in the Fontainebleau Miami Beach for about $375 million in 2008. It bought a 73% stake in Manhattan's Mandarin Oriental in 2007, when the hotel was valued at about $340 million. Istithmar also acquired the Washington Hotel near the White House, which the firm converted to a W Hotel that reopened last fall.

"The highest and best use," for this property is a hotel," says Dan Fasulo, managing director for real-estate research firm Real Capital Analytics.

While Danske Bank is technically marketing the first mortgage, the winning bidder also will get the deed, whi0.0.ch is being held in escrow, said Mr. Singer. He declined to comment on the identity of interested bidders.

Mr. Fasulo said the first mortgage note is being shopped at $290 million, and the property may be worth less because of the substantial capital any buyer would have to invest for renovations.

The firm's turnover of the Times Square building marks the latest setback for Istithmar. In December, it lost the W Hotel Union Square in New York City in a foreclosure auction.

The following month, its chief executive officer, David Jackson, resigned.

Dubai World has nearly $60 billion in liabilities and is in the process of trying to restructure about $22 billion in debt. Istithmar, which is segregated from the Dubai World debt-restructuring process, has invested about $15 billion in a variety of investments, using less than $5 billion in cash, with the rest in borrowed money, according to estimates from research firm Roubini Global Economics.

Banks prune branch networks

By Robin Sidel

Say goodbye to the decade-long building boom that made it seem like there was a bank branch on every corner.

The total number of retail branches in the U.S. is on pace to decline this year for the first time since at least 2002, according to SNL Financial, a Charlottesville, Va., research firm that tracks branch data filed with banking regulators.

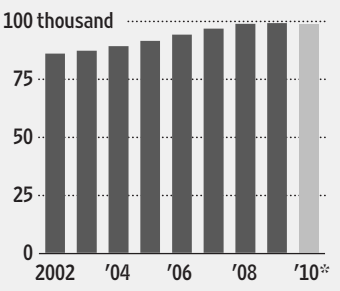
Some banks are aggressively pruning their sprawling operations to get rid of locations deemed unattractive. Major acquirers such as **J.P. Morgan Chase** & Co. and **PNC Financial Services Group** Inc. are closing hundreds of branches as they absorb their purchases and get rid of overlapping branches. Even financial institutions that still are opening branches are scaling back their plans, often hatched before the financial crisis hit.

"In this environment, people are taking a cautious approach," says Christopher Martin, chief executive of **Provident Financial Services** Inc., a Jersey City, N.J., bank-holding company that opened three branches and closed five in the past three years. Provident Financial has no plans to increase the size of its 82-branch network this year. "We're going slow," Mr. Martin says.

According to SNL, there are 98,913 bank branches in the U.S., a decline of about 300, or 0.3%, since June 2009. The overall count still is 15% higher than in 2002, but analysts say the relentless expansion has sputtered.

Hitting the ceiling

After a decadelong binge, U.S. banks and savings institutions are opening fewer retail branches and closing more of them



*2010 figures are as of March 1 and include pending mergers and acquisitions.

Source: SNL Financial

In 2009, the 8,012 banks and savings institutions in the U.S. had just $12.5 billion in combined profits, down from $100 billion in 2007, according to the Federal Deposit Insurance Corp. A total of 140 banks failed, while 179 disappeared through mergers and acquisitions.

The survivors are under intense pressure to reverse a lending slide at the end of last year that was the steepest since 1942. That leaves banks with less money for new branches.

Some banks are trying to zero in more aggressively on the most profitable locations in areas that generate the most deposits. Next month, **Comerica** Inc. plans to close six branches in or near Detroit, the regional bank's hometown until Comerica moved to Dallas in 2007.

As of 2006, Comerica was planning to have 512 branches by the end of 2010. It had just 447 branches in January, meaning it likely will fall short of the bank's previous target. Comerica is moving ahead with 13 branch openings, mostly in California and Texas.

Another push to dump branches is coming from the growing popularity of online and mobile-phone banking. Last summer, **Bank of America** Corp. told investors that itplanned to reduce the size of its branch network by about 10% due to changing customer preferences.

"The number of banking centers may ultimately decrease in the future, but we do not have any ultimate size in mind," a Bank of America spokeswoman says.

The Charlotte, N.C., company had 6,011 retail branches at the end of 2009. The tortal is down 2.2% from 6,149 in 2007.

—Dan Fitzpatrick contributed to this article.

HSBC benefit gives bank chief a raise

By Margot Patrick
And Patricia Kowsmann

LONDON—**HSBC Holdings** PLC has increased the fixed amount of money it will pay to Chief Executive Officer Michael Geoghegan this year, even after shareholders balked at an outright salary increase the bank says he deserves, and amid public anger about banker bonuses and pay.

In its annual report published this week, HSBC said it has started paying Mr. Geoghegan an extra £300,000, or about $450,000, a year for "costs of living" after he relocated to Hong Kong from London last month. That is on top of paying for his housing there, which the bank says is normal for the location, and other benefits, such as accounting advice. The allowance was disclosed in a footnote of the report.

In all, Mr. Geoghegan stands to collect as much as £6.2 million this year from salary, bonus, pension payments and the living allowance, not taking into account additional performance share awards he may receive in the year, or the vesting of existing ones.

Executive pay has simmered on the back burner of shareholder priorities for years, but is getting more attention now because of the perception it played a role in making the financial system vulnerable to a near-collapse in 2008.

HSBC doesn't need specific shareholder approval on executive salary increases, bonus payments or other benefits, but shareholders can reject the overall remuneration report prepared by a committee of directors each year.

A bank spokesman said the CEO's move to Hong Kong is strategic for the group and wasn't based on personal gain. In addition, he said, "We didn't need any taxpayer money during the crisis. We continued to be profitable and to pay dividends."

The disclosure came as HSBC Chairman Stephen Green said on Monday that Mr. Geoghegan is underpaid relative to his peers, with a salary of £1.07 million. He said the board will look to raise the CEO's pay within 12 months. Large HSBC shareholders in February informally rejected a proposal by the bank last month to raise Mr. Geoghegan's pay by about £380,000 for 2010—just a bit more than the new cost-of-living allowance he will receive annually.

MARKETS

Investors cautious on Russian IPOs

After listing, shares often are discounted compared with global peers due to perceived risks and concentration

By William Mauldin

MOSCOW—Some of Russia's biggest companies are lining up to ask for $20 billion in initial public offerings and secondary-stock sales, but the dismal performance of past IPOs may make investors think twice.

Nearly two-thirds of Russian share sales have trailed the country's stock indexes by 10% or more over the last decade, investment bank Troika Dialog said in a report Monday. Most recently, aluminum company **UC Rusal** Ltd.'s share price has dropped 26% since its January listing in Hong Kong.

Some Russian IPOs have been casualties of Kremlin support, with local banks or international strategic investors persuaded to subscribe to IPOs priced at levels higher than the stock market can support.

Another reason for poor IPO performance is that newly minted shares, sold at reasonably fair value compared with emerging-markets peers, are quickly discounted by investors to take country-specific factors into account, said Mattias Westman, whose Prosperity Capital Management manages Norway's sovereign-wealth-fund holdings in Russia. Russian shares almost always trade at a discount to global emerging-markets stocks based on price-to-earnings and other ratios because of perceived country-specific risks and the lack of diversity outside of natural resources.

"It's important to step back and say that in a market with this track record, people should be a little bit more cautious," said Kingsmill Bond, chief strategist at Troika. "Investors I've spoken with in London were more cautious, and many sat out on the Rusal IPO."

Rusal said in a statement that the company's shares have fallen in line with other commodity and aluminum producers. It said it believes in the company's "long-term value."

Some 300 funds and other investors bought into billionaire Oleg Deripaska's Rusal when it listed in Hong Kong and Paris, raising $2.24 billion for an 11% stake in the company.

In the wake of Rusal's float, billionaire Alisher Usmanov's **Metalloinvest Holding**, OAO **Gazprombank**, fertilizer producer **EuroChem**, and coal producer **Siberian Coal Energy** Co. may go public in the next 18 months, Mr. Bond said. He said global market conditions will determine how many of these succeed.

Volatile market conditions contributed to Chinese automobile dealer **Zhongsheng Group Holdings** Ltd. shelving its planned US$1 billion Hong Kong initial public offering, a person familiar with the situation said Tuesday.

China is responsible for nearly half of the $33 billion in new equity sold in emerging markets in 2010, followed by India, with $5.2 billion, according to data provider Dealogic.

In 2007, when a record $47 billion was raised in Russia, post-IPO stocks had their worst year ever, trailing the RTS Index by 27 percentage points, according to Troika. Large funds were under pressure to snap up blocks of shares that later traded without much liquidity, and other investors paid dearly to diversifying their holdings outside a few large oil and gas stocks.

"People have learned a little bit since 2007, when a lot of the Russian IPOs were wishful thinking from real-estate developers and other businesses," Mr. Westman said. "As long as investors stick to simple businesses where companies have competitive advantages, I think the IPOs this year can do well."

Net at Standard Chartered rises

Continued from page 21

rising level of impairments."

The London-based lender has outperformed its U.K. peers due to its large exposure to Asia, as emerging markets have rebounded at a faster rate following the global financial crisis.

In the conference call, Mr. Sands said Hong Kong, Singapore, India, Korea and the United Arab Emirates were big contributors to profits in 2009. He also said listing plans in India are on track for the first half of the year, with a target to raise between $500 million and $750 million. The bank continues to consider a listing in China.

Pretax profit at the bank's wholesale-banking division—including corporate finance and securities trading—rose to $4.08 billion in 2009 from $3 billion a year earlier.

However, in an ultra-low interest-rate environment, pretax profit at Standard Chartered's consumer-banking segment dropped to $867 million last year from $1.12 billion in 2008.

Mr. Sands, however, said income from the business is ahead of the underlying run rate for the second half of 2009, and it has been a larger contributor to total income in 2010.

The London-based lender has outperformed U.K. peers because of its large exposure to Asia.

Impairment charges have fallen in the second half of 2009 and books are showing a "significant improvement," Mr. Sands said.

Standard Chartered's bad-debt charges rose to $2 billion last year from $1.32 billion a year earlier.

On its wealth-management division, Mr. Sands said that while 2009 was a challenging year because of subdued investor sentiment, income in the fourth quarter was up 35% from the first quarter.

"Clearly the signs are encouraging for 2010," he said.

Standard Chartered said it will pay a 2009 dividend of 66.03 cents a share, up 7% from a year earlier.

Its Core Tier 1 ratio stood at 8.9% at December, up from 7.5% in 2008.

2009 RESULTS

VIGOROUS REACTION TO THE CRISIS

SALES
€37.8 billion

OPERATING INCOME
€2.2 billion

RECURRING NET INCOME*
€617 million

DIVIDEND**
€1 per share

Photos : Saint-Gobain

Against the backdrop of an unprecedented economic and financial crisis, Saint-Gobain has launched an ambitious action plan, covering financial as well as operating measures. From an operating perspective, the Group's sales prices remained upbeat despite the downturn in inflation. Cost cutting measures were stepped up, and led to additional cost savings of €1.1 billion over the year. These efforts sparked a sharp improvement in the Group's results in the second half of the year compared to the first six months, in line with the targets set. From a financial perspective, the Group increased its cash flow generation. Free cash flow came in above €1 billion, in line with the goals set at the beginning of the year. The Group also slashed its working capital requirements by €1.4 billion. Thanks to these bold measures and to a successful rights issue, the Group strengthened its balance sheet and has a robust financial structure. Saint-Gobain paid down €3.1 billion in net debt, reducing its gearing ratio to 53% from 80% at end-2008.

Saint-Gobain will be one of the main beneficiaries of economic recovery

Saint-Gobain's business model came through the crisis successfully. After a particularly tough year in 2009, the Group expects the economic climate to be better overall in 2010, but with starkly contrasting trends across each region. It is targeting strong growth in operating income in 2010. Saint-Gobain has key strengths that will enable it to capitalize on the economic recovery: a competitive industrial and sales infrastructure, cutting-edge research capabilities and in particular, a leading position on the fast-growing markets of energy efficiency and energy savings in buildings.

Forthcoming meetings

April 22 :
Sales for the first quarter of 2010

June 3 :
AGM, Palais des Congrès - Paris

For full details of results, see www.saint-gobain.com
Toll-free no. (France only) 0800 32 33 33 • actionnaires@saint-gobain.com

* Excluding capital gains and losses on disposals, asset write-downs and non-recurring provisions.
** Amount that will be recommended to the Annual General Meeting.

SAINT-GOBAIN

MARKETS

Strong economic data depress Treasury prices

By Deborah Lynn Blumberg

NEW YORK—Treasury prices fell modestly Wednesday after a duo of better-than-expected data on the U.S. labor market and services sector encouraged investors to shed low-risk bonds and head into riskier debt.

U.S. CREDIT MARKETS

Longer-term Treasury prices slid the most, as market participants were also already anticipating the government's auctions of 10- and 30-year Treasurys next week. Stocks rose and the euro gained.

In late-morning trade, the two-year note was off 1/32 at 100 4/32 to yield 0.8115%, the 10-year was down 9/32 at 99 26/32 to yield 3.6475%, and the 30-year fell 17/32 to 100 12/32, yielding 4.6017%. The 10-year swap spread narrowed to 0.0525 percentage point amid massive buying of spread products.

Losses came despite lingering worries about Greece's fiscal situation as market participants looked at a harsh savings package proposed by the country to help fix its debt problem.

Wednesday marks the third day in a row that at least longer-maturity Treasury prices have fallen. Government notes had been rallying since mid-February as concerns about sovereign debt dominated, But this week the market kicked off March on a weak note.

Japanese bond yields steady

A Wall Street Journal Roundup

Japanese government-bond yields were flat Wednesday as investors marked time ahead of a key U.S. jobs report due Friday.

BOND MARKETS

If the report paints a bleaker picture of the job market in the world's largest economy, making the economic recovery appear more fragile, it could trigger buying in safe-haven Treasurys, buoying demand for Japanese debt next week as well.

The benchmark 10-year yield ended unchanged at 1.33%.

Elsewhere, the **Export-Import Bank of Korea** sold $1 billion of 5½ -year bonds at a lower yield premium than indicated.

The bonds, priced late Tuesday in New York, yielded 4.235%, or 1.95 percentage points above comparable Treasurys.

Initial guidance had been for a yield premium of around two percentage points. Demand totaled about $3 billion, people in the market said.

Deutsche Bank, HSBC Holdings, J.P. Morgan Chase, Royal Bank of Scotland and UBS were in charge of the sale.

London hotel Grosvenor on the block

By Anita Likus

LONDON—**Royal Bank of Scotland Group** PLC put London's landmark Park Lane building Grosvenor House Hotel up for sale, according to real-estate consultancy and agent CB Richard Ellis.

The property, a five-star establishment with 420 rooms and 74 suites over eight floors, could be the most expensive hotel ever to come to market in Europe. Industry experts estimate a price tag of between £500 million and £600 million, or about $750 million to $900 million, but cautioned that pricing was highly dependent on buyer interest. CB Richard Ellis is acting as agent for the sale, but wouldn't disclose details on pricing.

Grosvenor House Hotel has been operated by **JW Marriott Hotels and Resorts** since 2008, at the conclusion of its £135 million ($202 million) refurbishment. JW Marriott has an operating lease of 30 years, which means that a new buyer wouldn't be able to operate the hotel or put in new management unless it negotiated to acquire the operating lease.

The hotel was built in 1929 and is popular with celebrities and royalty. It attracts businesses, too, because it has 27 meeting rooms. RBS has a long-term lease on the property but **Prudential PLC** owns the freehold.

After two years of sharp declines in real-estate values, U.K. banks such as RBS, which is 84%-government owned, have slowly been trying to reduce their exposure to the commercial and residential-property sectors as prices have recovered in recent months.

Industry experts predicted that more sales of trophy assets, such as the Grosvenor, will occur this year as banks test the market. **Lloyds Banking Group** PLC, for instance, earlier this year raised some £300 million from the sale of a prime Glasgow shopping center.

While the banks still carry distressed assets, selling property at a discount would mean that they would have to take additional write-downs on their balance sheets, which they are reluctant to do.

—Patricia Kowsmann contributed to this article.

FUND SCORECARD

Australia and New Zealand Equity

funds invest at least 75% of total assets in equities invest at least 75% of equity assets in Australia and/or New Zealand Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 03, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
1	**Nestor Australien Fonds**	Nestor Investment Management S.A.	EUR	Luxembrg	**-1.15**	193.29	-13.24	11.01
3	**Parvest Australia C**	BNP Paribas	AUD	Luxembrg	**-1.20**	132.23	-0.69	11.40
2	**FF - Australia A AUD**	Fidelity (FIL (Luxembourg) S.A.)	AUD	Luxembrg	**-0.86**	121.70	-4.31	10.48
3	**Dexia Eqs L Australia C Acc**	Dexia Asset Management	AUD	Luxembrg	**-1.88**	121.30	-4.11	10.88
4	**SSgA** Australia Index Equity Fund P	State Street Global Advisors France	AUD	France	**-1.32**	115.56	-4.22	10.27
NS	**Aviva** Investors Australian Resources A	Aviva Investors Luxembourg SA	EUR	Luxembrg	**-5.48**	113.05	NS	NS
2	**Baring Australia A Class**	Baring Fund Managers Ltd	USD	Ireland	**-3.00**	112.46	-8.41	9.81
2	**Pioneer Inv** Akt Australien A EUR ND	Pioneer Asset Management S.A.	EUR	Luxembrg	**-2.28**	109.22	-6.81	8.56
NS	**Maple-Brown** Abbott Australian Eq EUR	Maple-Brown Abbott	EUR	Ireland	**-2.12**	108.32	-2.88	NS
NS	**db** x-trackers S&P/ASX 200	DB Platinum Advisors	AUD	Luxembrg	**-3.05**	105.23	-6.17	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	03/01	EUR	49.19	-10.0	34.4	-25.0
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/02	USD	10.38	0.1	60.9	-9.9
Am Eq Blend B	US	EQ	LUX	03/02	USD	9.73	-0.2	59.5	-10.8
Am Growth A	US	EQ	LUX	03/02	USD	30.64	-1.9	56.3	-0.6
Am Growth AX	US	EQ	LUX	03/02	USD	33.10	-1.8	57.2	0.0
Am Growth B	US	EQ	LUX	03/02	USD	25.72	-2.1	54.8	-1.6
Am Growth C	US	EQ	LUX	03/02	USD	27.70	-2.0	55.6	-1.0
Am Growth I	US	EQ	LUX	03/02	USD	34.00	-1.8	57.6	0.2
Am Income A	US	BD	LUX	03/02	USD	8.52	2.0	30.3	6.6
Am Income A2	US	BD	LUX	03/02	USD	19.43	2.0	30.2	6.6
Am Income A2	OT	OT	NA	03/02	HKD	150.83	2.0	30.2	6.6
Am Income AT	OT	OT	NA	03/02	HKD	65.98	2.0	30.2	6.6
Am Income AT	US	BD	LUX	03/02	USD	8.50	2.0	30.2	6.6
Am Income B	US	BD	LUX	03/02	USD	8.52	1.9	29.3	5.8
Am Income B2	US	BD	LUX	03/02	USD	16.73	2.0	29.4	5.9
Am Income B2	OT	OT	NA	03/02	HKD	129.87	2.0	29.4	5.9
Am Income BT	OT	OT	NA	03/02	HKD	66.37	1.9	29.4	5.9
Am Income BT	US	BD	LUX	03/02	USD	8.55	1.9	29.4	5.9
Am Income C	US	BD	LUX	03/02	USD	8.52	2.0	29.7	6.1
Am Income C2	US	BD	LUX	03/02	USD	24.88	2.0	29.7	6.1
Am Income I	US	BD	LUX	03/02	USD	8.52	2.1	31.1	7.3
Am Value A	US	EQ	LUX	03/02	USD	8.62	1.1	50.7	-9.1
Am Value B	US	EQ	LUX	03/02	USD	7.92	0.9	49.2	-10.0
Am Value C	US	EQ	LUX	03/02	USD	8.61	0.9	50.0	-9.5
Am Value I	US	EQ	LUX	03/02	USD	9.29	1.2	51.8	-8.4
Emg Mkts Debt A	GL	BD	LUX	03/02	USD	15.76	2.4	49.6	8.9
Emg Mkts Debt A2	GL	BD	LUX	03/02	USD	20.58	2.3	49.8	8.9
Emg Mkts Debt AT	GL	BD	LUX	03/02	USD	15.80	2.4	49.9	8.9
Emg Mkts Debt B	GL	BD	LUX	03/02	USD	15.76	2.2	48.3	7.8
Emg Mkts Debt B2	GL	BD	LUX	03/02	USD	19.80	2.3	48.4	7.9
Emg Mkts Debt BT	GL	BD	LUX	03/02	USD	15.78	2.2	48.3	7.8
Emg Mkts Debt C	GL	BD	LUX	03/02	USD	15.76	2.3	49.0	8.4
Emg Mkts Debt C2	GL	BD	LUX	03/02	USD	20.22	2.3	49.2	8.4
Emg Mkts Debt I	GL	BD	LUX	03/02	USD	15.76	2.5	50.4	9.4
Emg Mkts Growth A	GL	EQ	LUX	03/02	USD	33.30	-3.9	97.0	-12.3
Emg Mkts Growth B	GL	EQ	LUX	03/02	USD	28.18	-4.1	95.0	-13.2
Emg Mkts Growth C	GL	EQ	LUX	03/02	USD	28.84	-4.0	96.1	-12.7
Emg Mkts Growth I	GL	EQ	LUX	03/02	USD	36.97	-3.7	98.5	-11.6
Eur Growth A	OT	OT	LUX	03/02	EUR	9.54	-0.3	44.2	-12.7
Eur Growth A	OT	OT	LUX	03/02	EUR	7.01	-0.3	44.2	-12.7
Eur Growth B	OT	OT	LUX	03/02	EUR	6.29	-0.5	42.6	-13.6
Eur Growth B	OT	OT	LUX	03/02	USD	8.56	-0.5	42.6	-13.6
Eur Growth C	EU	EQ	LUX	03/02	EUR	5.31	-0.4	43.9	-13.0
Eur Growth I	OT	OT	LUX	03/02	USD	10.41	-0.3	45.4	-12.0
Eur Growth I	OT	OT	LUX	03/02	EUR	7.65	-0.3	45.4	-12.0
Eur Income A	OT	OT	LUX	03/02	EUR	6.72	2.8	49.4	6.9
Eur Income A	OT	OT	LUX	03/02	USD	9.14	2.8	49.4	6.9
Eur Income A2	OT	OT	LUX	03/02	EUR	13.24	2.9	49.4	6.9
Eur Income A2	OT	OT	LUX	03/02	USD	18.02	2.9	49.4	6.9
Eur Income AT	EU	BD	LUX	03/02	EUR	6.71	3.0	49.5	6.9
Eur Income B	OT	OT	LUX	03/02	EUR	6.72	2.7	48.5	6.2
Eur Income B	OT	OT	LUX	03/02	USD	9.14	2.7	48.5	6.2
Eur Income B2	OT	OT	LUX	03/02	EUR	12.30	2.8	48.4	6.1
Eur Income B2	OT	OT	LUX	03/02	USD	16.74	2.8	48.4	6.1
Eur Income BT	EU	BD	LUX	03/02	EUR	6.71	2.7	48.3	6.2
Eur Income C	OT	OT	LUX	03/02	EUR	6.72	2.7	48.8	6.4
Eur Income C	OT	OT	LUX	03/02	USD	9.14	2.7	48.8	6.4
Eur Income C2	OT	OT	LUX	03/02	EUR	13.19	2.8	48.9	6.5
Eur Income C2	OT	OT	LUX	03/02	USD	17.95	2.8	48.9	6.5
Eur Income I	OT	OT	LUX	03/02	EUR	6.72	2.9	50.1	7.5
Eur Income I	OT	OT	LUX	03/02	USD	9.14	2.9	50.1	7.5
Eur Strat Value A	OT	OT	LUX	03/02	EUR	8.38	-1.8	52.4	-16.6
Eur Strat Value A	OT	OT	LUX	03/02	USD	11.40	-1.8	52.4	-16.6
Eur Strat Value I	OT	OT	LUX	03/02	EUR	8.59	-1.7	53.7	-15.9
Eur Strat Value I	OT	OT	LUX	03/02	USD	11.69	-1.7	53.7	-15.9
Eur Value A	OT	OT	LUX	03/02	EUR	9.01	-2.1	55.9	-13.1
Eur Value A	OT	OT	LUX	03/02	USD	12.26	-2.1	55.9	-13.1
Eur Value B	OT	OT	LUX	03/02	USD	11.27	-2.1	54.5	-13.9
Eur Value B	OT	OT	LUX	03/02	EUR	8.28	-2.1	54.5	-13.9
Eur Value C	OT	OT	LUX	03/02	USD	11.85	-2.0	55.3	-13.5
Eur Value C	OT	OT	LUX	03/02	EUR	8.71	-2.0	55.3	-13.5
Eur Value I	OT	OT	LUX	03/02	USD	14.18	-1.9	57.2	-12.4
Eur Value I	OT	OT	LUX	03/02	EUR	10.42	-1.9	57.2	-12.4
Gl Balanced (Euro) A	OT	OT	LUX	03/02	USD	15.72	0.7	38.7	-7.8
Gl Balanced (Euro) B	OT	OT	LUX	03/02	USD	15.28	0.5	37.1	-8.8
Gl Balanced (Euro) C	OT	OT	LUX	03/02	USD	15.58	0.6	38.1	-8.1
Gl Balanced (Euro) I	OT	OT	LUX	03/02	USD	16.02	0.8	NS	NS
Gl Balanced A	US	BA	LUX	03/02	USD	16.30	-1.1	43.7	-8.6
Gl Balanced B	US	BA	LUX	03/02	USD	15.47	-1.3	42.2	-9.5
Gl Balanced C	OT	OT	LUX	03/02	USD	16.05	-1.2	43.3	-8.9
Gl Balanced C	OT	OT	LUX	03/02	EUR	11.80	-1.2	43.3	-8.9
Gl Balanced I	US	BA	LUX	03/02	USD	16.93	-0.9	44.7	-7.9
Gl Bond A	US	BD	LUX	03/02	USD	9.38	2.2	17.5	4.9
Gl Bond A2	US	BD	LUX	03/02	USD	16.37	2.2	17.6	4.9
Gl Bond A2	OT	OT	NA	03/02	HKD	127.07	2.2	17.6	4.9
Gl Bond AT	OT	OT	LUX	03/02	HKD	72.66	2.2	17.6	4.9
Gl Bond AT	US	BD	LUX	03/02	USD	9.36	2.2	17.6	4.9
Gl Bond B	US	BD	LUX	03/02	USD	9.38	2.0	16.4	3.9
Gl Bond B2	US	BD	LUX	03/02	USD	14.31	2.1	16.4	3.9
Gl Bond B2	OT	OT	NA	03/02	HKD	111.08	2.1	16.4	3.9
Gl Bond BT	OT	OT	LUX	03/02	HKD	72.97	2.0	16.4	3.9
Gl Bond BT	US	BD	LUX	03/02	USD	9.40	2.0	16.4	3.9
Gl Bond C	US	BD	LUX	03/02	USD	9.38	2.1	17.0	4.4
Gl Bond C2	US	BD	LUX	03/02	USD	14.19	2.2	17.1	4.4
Gl Bond I	US	BD	LUX	03/02	USD	9.38	2.3	18.2	5.5
Gl Conservative A	US	BA	LUX	03/02	USD	14.83	0.2	26.0	-2.8
Gl Conservative A2	US	BA	LUX	03/02	USD	16.96	0.2	26.0	-2.9
Gl Conservative B	US	BA	LUX	03/02	USD	14.83	0.0	24.8	-3.8
Gl Conservative B2	US	BA	LUX	03/02	USD	16.09	0.0	24.7	-3.8
Gl Conservative C	US	BA	LUX	03/02	USD	14.82	0.1	25.5	-3.3
Gl Conservative C2	US	BA	LUX	03/02	USD	16.58	0.1	25.4	-3.3
Gl Conservative I	US	BA	LUX	03/02	USD	14.89	0.3	27.1	-2.0
Gl Eq Blend A	GL	EQ	LUX	03/02	USD	11.28	-3.3	63.2	-18.2
Gl Eq Blend B	GL	EQ	LUX	03/02	USD	10.57	-3.5	61.6	-19.0
Gl Eq Blend C	GL	EQ	LUX	03/02	USD	11.07	-3.4	62.3	-18.6
Gl Eq Blend I	GL	EQ	LUX	03/02	USD	11.91	-3.2	64.5	-17.6
Gl Growth A	GL	EQ	LUX	03/02	USD	40.79	-2.7	56.8	-18.6
Gl Growth B	GL	EQ	LUX	03/02	USD	33.99	-2.8	55.2	-19.4
Gl Growth C	GL	EQ	LUX	03/02	USD	39.11	-2.7	56.1	-19.0
Gl Growth I	GL	EQ	LUX	03/02	USD	45.35	-2.5	58.1	-17.9
Gl High Yield A	US	BD	LUX	03/02	USD	4.39	2.8	65.7	7.1
Gl High Yield A2	US	BD	LUX	03/02	USD	9.51	2.7	66.0	7.0
Gl High Yield A2	OT	OT	NA	03/02	HKD	73.82	2.7	66.0	7.0
Gl High Yield AT	OT	OT	NA	03/02	HKD	33.69	2.8	66.1	6.9
Gl High Yield AT	US	BD	LUX	03/02	USD	4.34	2.8	66.1	6.9
Gl High Yield B	US	BD	LUX	03/02	USD	4.39	2.6	63.8	5.8
Gl High Yield B2	US	BD	LUX	03/02	USD	15.26	2.6	64.3	5.9
Gl High Yield B2	OT	OT	NA	03/02	HKD	118.46	2.6	64.3	5.9
Gl High Yield BT	OT	OT	NA	03/02	HKD	34.31	2.6	64.3	6.0
Gl High Yield BT	US	BD	LUX	03/02	USD	4.42	2.6	64.3	6.0
Gl High Yield C	US	BD	LUX	03/02	USD	4.39	2.7	64.9	6.5
Gl High Yield C2	US	BD	LUX	03/02	USD	14.09	2.7	65.2	6.5
Gl High Yield I	US	BD	LUX	03/02	USD	4.39	2.9	66.8	7.8
Gl Thematic Res. A	OT	OT	LUX	03/02	USD	14.51	-1.5	89.2	-1.1
Gl Thematic Res. B	OT	OT	LUX	03/02	USD	12.67	-1.7	87.1	-2.1
Gl Thematic Res. I	OT	OT	LUX	03/02	USD	16.20	-1.4	90.6	-0.3
Gl Value A	GL	EQ	LUX	03/02	USD	10.71	-3.9	70.0	-17.8
Gl Value B	GL	EQ	LUX	03/02	USD	9.82	-4.1	68.4	-18.6
Gl Value C	GL	EQ	LUX	03/02	USD	10.40	-4.0	69.4	-18.2
Gl Value I	GL	EQ	LUX	03/02	USD	11.40	-3.8	71.4	-17.2
Greater China A	AS	EQ	LUX	03/02	USD	38.06	-4.9	71.4	-11.8
Greater China B	AS	EQ	LUX	03/02	USD	33.63	-5.1	69.8	-12.7
Greater China C	AS	EQ	LUX	03/02	USD	37.55	-5.0	70.7	-12.2
India Growth A	OT	OT	LUX	03/02	USD	126.03	-0.7	NS	NS
India Growth AX	OT	OT	LUX	03/02	USD	110.22	-0.6	108.6	-4.3
India Growth B	OT	OT	LUX	03/02	USD	131.81	-0.9	NS	NS
India Growth BX	OT	OT	LUX	03/02	USD	94.06	-0.8	106.5	-5.2
India Growth I	EA	EQ	LUX	03/02	USD	114.32	-0.6	109.5	-3.9
Int'l Health Care A	OT	EQ	LUX	03/02	USD	141.81	3.2	43.4	-4.1
Int'l Health Care B	OT	EQ	LUX	03/02	USD	119.41	3.0	42.0	-5.1
Int'l Health Care C	OT	EQ	LUX	03/02	USD	135.81	3.1	42.8	-4.6
Int'l Health Care I	OT	EQ	LUX	03/02	USD	155.15	3.3	44.6	-3.4
Int'l Technology A	OT	EQ	LUX	03/02	USD	106.86	-3.2	69.3	-5.0
Int'l Technology B	OT	EQ	LUX	03/02	USD	92.44	-3.3	67.6	-5.9
Int'l Technology C	OT	EQ	LUX	03/02	USD	103.19	-3.2	68.6	-5.4
Int'l Technology I	OT	EQ	LUX	03/02	USD	119.98	-3.0	70.7	-4.2
Japan Eq Blend A	JP	EQ	LUX	03/02	JPY	5913.00	-1.8	36.8	-17.9
Japan Eq Blend B	JP	EQ	LUX	03/02	JPY	5696.00	-2.0	35.5	-18.7
Japan Eq Blend C	JP	EQ	LUX	03/02	JPY	5813.00	-1.9	36.2	-18.3
Japan Growth A	JP	EQ	LUX	03/02	JPY	5619.00	-4.3	23.0	-19.3
Japan Growth B	JP	EQ	LUX	03/02	JPY	5413.00	-4.5	21.8	-20.1
Japan Growth C	JP	EQ	LUX	03/02	JPY	5526.00	-4.4	22.5	-19.7
Japan Strat Value A	JP	EQ	LUX	03/02	JPY	6170.00	0.8	51.1	-16.8
Japan Strat Value B	JP	EQ	LUX	03/02	JPY	5950.00	0.7	49.6	-17.6
Japan Strat Value C	JP	EQ	LUX	03/02	JPY	6062.00	0.7	50.3	-17.2
Real Estate Sec. A	OT	EQ	LUX	03/02	USD	14.13	-1.5	92.0	-12.4
Real Estate Sec. B	OT	EQ	LUX	03/02	USD	12.90	-1.7	90.3	-13.3
Real Estate Sec. I	OT	EQ	LUX	03/02	USD	15.21	-1.4	93.5	-11.7
Short Mat Dollar A	US	BD	LUX	03/02	USD	7.28	0.7	15.0	-3.7
Short Mat Dollar A2	US	BD	LUX	03/02	USD	9.86	0.7	14.9	-3.7
Short Mat Dollar AT	US	BD	LUX	03/02	USD	7.26	0.7	14.9	-3.7
Short Mat Dollar B	US	BD	LUX	03/02	USD	7.28	0.7	14.5	-4.1
Short Mat Dollar B2	US	BD	LUX	03/02	USD	9.81	0.7	14.5	-4.1
Short Mat Dollar BT	OT	OT	LUX	03/02	USD	7.28	0.7	NS	-4.4
Short Mat Dollar C	US	BD	LUX	03/02	USD	7.28	0.7	14.5	-4.1
Short Mat Dollar C2	US	BD	LUX	03/02	USD	13.87	0.7	14.4	-4.1
Short Mat Dollar I	US	BD	LUX	03/02	USD	7.28	0.8	15.6	-3.1

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/01	USD	103.46	3.5	25.7	21.1
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	02/26	USD	34.84	-14.6	-60.1	-20.4
Superfund GCT USD*	GL	EQ	LUX	02/26	USD	1931.39	-12.0	-48.3	-15.2
Superfund Green Gold A (SPC)	OT	OT	CYM	02/26	USD	901.75	-6.5	-30.5	-8.2
Superfund Green Gold B (SPC)	OT	OT	CYM	02/26	USD	834.10	-10.9	-45.3	-15.9
Superfund Q-AG*	OT	OT	AUT	02/26	EUR	6117.52	-7.6	-31.2	-6.2
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.05	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.23	-0.3	-5.2	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13978.70	0.7	-5.5	-0.1
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.84	-0.4	-5.7	1.3
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/03	EUR	50.40	-3.6	63.5	-6.4
Industria AE	EU	EQ	DEU	03/03	EUR	70.99	-0.1	46.5	-12.2
InternRent AE	EU	BD	DEU	03/03	EUR	37.66	7.4	6.0	11.7
■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	02/19	USD	285882.54	4.1	115.1	10.7

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MARKETS

Caterpillar, GE climb; Greek stocks decline

By Donna Kardos Yesalavich And Kristina Peterson

NEW YORK—U.S. stocks climbed on a smaller-than-expected drop in private-sector jobs and faster expansion in the services sector.

The Dow Jones Industrial Average was up 33.10 points, or 0.3%, at 10439.08 in midday trade, again pushing it into the black for 2010.

ABREAST OF THE MARKET

The index wasn't able to hold on to a similar move Tuesday.

Industrial giant **Caterpillar** gained 2%, as the economically sensitive company was boosted by the latest round of improving data points. **General Electric** climbed 2%, also boosted by signs of economic growth.

Drug maker **Pfizer** shed 1.1% after **Medivation** said its experimental Alzheimer's disease treatment Dimebon, which was in development with Pfizer, failed to show effectiveness in a large late-stage study. The news sent shares of Medivation—which has no products on the market and isn't a Dow component—plunging 68%.

The Nasdaq Composite rose 0.4%. The Standard & Poor's 500-stock index advanced 0.5%.

Novell surged 27%, topping an offer price announced late Tuesday from hedge fund **Elliott Associates** and sparking speculation another software company or hedge fund could step in with a higher bid.

Hovnanian Enterprises climbed 5.3% after the home builder swung to a fiscal first-quarter profit, ending a streak of 13 consecutive quarters in the red.

European stocks

Miners helped push key European benchmarks to a fourth consecutive gain, but the Greek market slipped as the government took a step toward getting its debt-ravaged finances in order.

The Stoxx Europe 600 index advanced 0.8% to 252.60.

The Greek ASE Composite index shed 0.4% to 2,014.55 as Greece said it would cut its budget and raise taxes in moves worth €4.8 billion ($6.53 billion).

Even with the pullback, the index is up 5.3% this week.

Among major national indexes, the U.K. FTSE 100 index added 0.9% to 5533.21, the German DAX index rose 0.7% to 5817.88 and the French CAC-40 index gained 0.8% to 3842.52.

Xstrata gained 3.8% and **Antofagasta** climbed 3.7% as a broadly weaker dollar boosted metal prices.

German sports-apparel maker **Adidas** declined 4.1% after its fourth-quarter profit fell more than analysts has expected.

Adecco shares were up 4% after the Zurich provider of human-resources services swung to a fourth-quarter profit and the company said the "positive development of the revenue trend observed during the fourth quarter...continued into the new year."

Euro advances against dollar on Greece news

By Don Curren

TORONTO—The euro pushed higher Wednesday after reacting positively to the latest austerity measures in Greece and then relinquishing some of its gains.

The U.S. dollar recovered some strength against the euro after reports the leaders of Germany and Greece won't discuss aid for fiscally troubled Greece at a meeting Friday.

CURRENCY MARKETS

German Chancellor Angela Merkel said she planned to discuss Greece's austerity plans when she meets Greek Prime Minister George Papandreou in Berlin Friday, but a spokesman for Ms. Merkel said earlier Wednesday the two leaders wouldn't discuss any aid package for Greece. News that the Institute for Supply Management's nonmanufacturing index for February in the U.S. rose to 53.0 in February from 50.5 in January, exceeding the expected 51.0, had little immediate impact on markets.

Wednesday late morning, the euro was at $1.3731 from $1.3609 late Tuesday. The common currency was at 121.31 yen from 120.74 yen. The dollar was at 88.36 yen from 88.72 yen and at 1.0653 Swiss francs from 1.0753 francs. The U.K. pound was at $1.5108 from $1.4960.

The main focus of the session was Greece's announcement of a range of austerity measures embracing spending cuts and tax increases.

Mining and bank shares lead gains in Australia

By Myra P. Saefong And Shri Navaratnam

Strength in commodity shares and upbeat economic data helped lift Australia's benchmark stock index to its highest level in more than five weeks.

Weakness in property stocks caused a small decline in the Hong Kong market, but overall, Asian markets saw broad but modest gains Wednesday as worries about debt-strapped Greece diminished.

ASIAN-PACIFIC STOCKS

"Concerns over Greece continued to ease and strong moves among resource stocks bolstered gains," said Ben Potter, a market analyst at IG Markets in Melbourne.

Australia's S&P/ASX 200 ended 0.7% higher at 4735.67, its strongest closing level since Jan. 22, and Japan's Nikkei Stock Average of 225 companies closed up 0.3% at 10253.14. India's Sensitive Index, or Sensex, rose 1.4% to 17000.01, while Hong Kong's Hang Seng Index edged down 0.1% to 20876.79.

Market action "seemed to be revolving around global demand for metals and industrial goods—some of which would benefit bigger-cap U.S. multinationals and certainly Japan's big industrial firms, in addition to Aussie miners and China's contractors," said Richard Hastings, a consumer strategist at Global Hunter Securities.

Indeed, gains in base-metal prices Tuesday buoyed regional commodity shares.

In Australia, "upside momentum in base-metals markets [instigated by the Chile earthquake] drove robust gains at the stock-specific level, with many of the pure-play miners following in the footsteps of the bigger-diversified ones," Mr. Potter said.

Rio Tinto rose 2.6%, and **BHP Billiton** and **Newcrest Mining** each tacked on 1.4%. In Tokyo, **Mitsubishi Corp.** climbed 2.1%, **Mitsui & Co.** advanced 2.6%, and **Sumitomo Metal Mining** added 2.5%.

Australia's big four banks also posted gains, with **National Australia Bank** leading the charge, up 2.3%, and **Westpac Banking Group** climbing 1%.

Data earlier in the day showed Australia's economy grew 0.9% in the fourth quarter from the third, its fastest pace in almost two years, which supported sentiment in the market.

The Japanese market finished with modest gains after a shaky start, with traders torn between profit-taking and easing concerns over Greece's fiscal problems. Tachibana Securities strategist Kenichi Hirano said the market was directionless in the absence of catalysts. Technology stocks were mixed as **Sony** rose 1.3% while **NEC Electronics** eased 1.5%.

In Mumbai, the Sensex regained the 17000 level, helped by gains in financial-services providers and **Reliance Industries**, which rose 3.9%.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	02/19	USD	1293.95	4.1	26.1	-5.9
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/01	JPY	14055.34	-9.5	65.5	0.3
GAM Asia Equity Hedge US	OT	OT	VGB	03/01	USD	262.69	-9.5	66.3	1.5
GAM Asia Equity USD	OT	OT	VGB	03/02	USD	620.62	-5.1	83.4	-11.1
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/02	USD	1288.55	0.4	46.4	-12.9
GAM Com Glb Bal EUR Op	US	BA	VGB	02/22	EUR	96.39	-0.5	18.8	-7.0
GAM Com Glb Bal USD Op	US	BA	VGB	02/22	USD	127.14	-0.5	18.8	-7.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/22	EUR	98.79	-1.8	28.7	-12.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/22	USD	125.19	-1.8	28.7	-12.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/22	EUR	87.36	-1.5	20.4	-10.4
GAM Comp Glb Gr USD Op	US	BA	VGB	02/22	USD	125.19	-1.5	20.4	-10.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/26	USD	245.05	-1.4	50.8	-7.8
GAM Cross Trading Inc	OT	OT	VGB	02/22	USD	462.50	-0.7	4.2	NS
GAM Diversity CHF Op	OT	OT	VGB	02/22	CHF	94.15	-0.2	3.5	-6.2
GAM Diversity EUR Op	OT	OT	VGB	02/22	EUR	648.05	-0.1	4.2	-4.7
GAM Diversity USD 2.5XL	OT	OT	VGB	02/22	USD	77.91	-0.5	7.7	-17.9
GAM Diversity USD Op	OT	OT	VGB	02/22	USD	680.55	-0.1	4.3	-5.2
GAM Dvrsty II CHF Op	OT	OT	VGB	02/22	CHF	99.34	-0.2	2.9	-5.8
GAM Dvrsty II EUR Op	OT	OT	VGB	02/22	EUR	138.66	-0.1	3.3	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	02/22	USD	210.00	-0.1	3.6	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	02/22	EUR	115.42	-0.1	3.2	-5.0
GAM DvrstyIII USD Op	OT	OT	VGB	02/22	USD	121.89	-0.1	3.5	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/26	EUR	218.01	-0.4	13.4	-2.8
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/01	USD	203.83	0.2	16.0	-0.9
GAM European Equity USD	OT	OT	VGB	03/02	USD	273.02	-7.9	42.5	-12.9
GAM GAMCO	OT	EQ	VGB	03/02	USD	834.20	0.6	63.7	-8.5
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/26	EUR	96.23	-1.7	12.7	-16.6
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/01	USD	102.42	-0.7	13.3	-15.3
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/01	USD	249.66	-0.1	44.7	-5.5
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/26	USD	257.03	-10.3	87.9	19.6
GAM Intrst Trend II	GL	BD	VGB	02/26	USD	105.18	10.8	71.8	-2.8
GAM Intrst Trend Inc	OT	OT	VGB	02/26	USD	280.08	10.5	86.5	-1.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/01	EUR	123.08	5.5	23.2	-0.9
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/01	USD	125.87	3.1	22.3	-14.6
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/26	JPY	8620.43	2.6	25.8	-14.6
GAM Japan USD	JP	EQ	VGB	03/02	USD	1138.74	3.3	40.1	-13.1
GAM Japan YEN	JP	EQ	VGB	03/02	JPY	8944.61	1.4	34.7	-17.7
GAM Money Mkt EuroOp	EU	MM	VGB	03/02	EUR	51.17	0.7	0.8	1.7
GAM Money Mkt USD	US	MM	VGB	03/02	USD	100.08	0.2	0.1	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/22	EUR	112.58	1.2	1.2	-8.1
GAM Multi-Arb USD Op	OT	OT	VGB	02/22	USD	117.47	1.2	1.4	-8.4
GAM Multi-China EUR Op	OT	OT	VGB	02/22	EUR	160.09	-4.7	6.7	-6.6
GAM Multi-China USD Op	OT	OT	VGB	02/22	USD	168.72	-4.5	7.6	-7.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/22	GBP	129.24	-1.7	23.0	-1.2
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/22	USD	639.96	-1.7	23.2	-1.6
GAM Multi-Eur EUR Op	OT	OT	VGB	02/22	EUR	266.62	-0.8	4.9	-7.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/22	EUR	137.19	-0.8	4.8	-7.3
GAM Multi-Eur II USD Op	OT	OT	VGB	02/22	USD	112.21	-0.8	4.8	-8.3
GAM Multi-Eur USD Op	OT	OT	VGB	02/22	USD	464.05	-0.8	4.3	-8.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/22	EUR	133.91	-0.1	9.0	-1.7
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/22	USD	217.86	-0.1	9.2	-1.9
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/22	EUR	139.71	-2.6	1.4	-3.5
GAM Multi-Pac USD Op	OT	OT	VGB	02/22	USD	161.39	-2.4	1.8	-3.8
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/19	USD	2688.21	1.9	68.0	11.9
GAM Sing/Malaysia	AS	EQ	VGB	03/02	USD	2438.79	-3.4	70.2	-7.8
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/26	GBP	238.64	3.8	50.1	7.0
GAM Trading EUR Inc	OT	OT	VGB	02/22	EUR	322.62	-0.8	3.7	4.0
GAM Trading USD Inc	OT	OT	VGB	02/22	USD	966.09	-0.7	4.2	3.4
GAM Trdg II IncEUR Op	OT	OT	VGB	02/22	EUR	138.02	-0.7	3.6	3.9
GAM Trdg II IncUSD Op	OT	OT	VGB	02/22	USD	313.69	-0.7	4.2	3.4
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/22	EUR	145.61	-0.8	3.5	3.7
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/22	USD	153.36	-0.8	4.0	3.2
GAM Trdg V IncEUR Op	OT	OT	VGB	02/22	EUR	123.43	-0.8	3.4	3.6
GAM Trdg V IncUSD Op	OT	OT	VGB	02/22	USD	128.67	-0.7	4.0	3.2
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/22	EUR	155.69	-0.8	3.6	3.6
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/22	USD	161.31	-0.7	4.0	3.2
GAM USDSpecBondInc	US	BD	VGB	02/26	USD	559.01	5.5	98.6	10.3
GAM Worldwide	GL	EQ	VGB	03/02	USD	2129.56	-5.2	45.4	-10.1
GAMut Investments	OT	OT	VGB	02/28	USD	7610.98	0.4	0.9	5.8

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/02	CHF	10.85	-1.8	57.5	-9.9
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/02	EUR	11.88	-0.4	62.5	-5.5
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/02	GBP	1.61	1.6	66.1	2.9
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/02	USD	12.71	-5.8	74.3	-10.4
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/02	EUR	105.42	3.9	34.2	-7.4
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/02	EUR	102.02	3.9	34.2	-7.4
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/02	EUR	10.94	-1.5	39.0	-5.2
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/02	EUR	179.81	-2.5	35.1	-8.1
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/02	EUR	164.30	-2.5	35.0	-8.1
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/02	USD	14.93	-7.7	44.6	-12.8
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/02	USD	13.53	-7.7	44.6	-12.8
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/01	USD	5.55	1.1	47.9	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/02	EUR	93.49	6.3	33.5	-6.6
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/02	EUR	93.49	6.3	33.5	-6.6
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/02	JPY	933.09	1.3	34.1	-17.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/02	USD	11.49	3.3	39.4	-13.0
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/02	USD	2144.59	-5.1	46.3	-9.6

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American Growth	US	EQ	LUX	03/03	USD	15.18	-0.9	47.8	-10.3
American Growth AA	US	EQ	LUX	03/03	USD	0.87	-0.9	47.4	-6.7
Asian Equity	AS	EQ	LUX	03/03	USD	2.36	-4.1	85.2	-9.0
Asian Equity AA	AS	EQ	LUX	03/03	USD	0.76	-4.2	84.5	-9.3
Asian Sm Cap Equity AA	AS	EQ	LUX	03/03	USD	1.16	-0.1	113.9	-1.3
China Value A	AS	EQ	LUX	03/03	USD	6.70	-5.9	70.1	-5.4
China Value AA	AS	EQ	LUX	03/03	USD	2.10	-6.0	69.7	-5.6
Dragon Growth	AS	EQ	LUX	03/03	USD	1.57	-4.4	74.8	-6.6
Dragon Growth AA	OT	OT	LUX	03/03	HKD	7.66	-4.2	74.6	-7.5
Emg Eastrn Europe A	EU	EQ	LUX	03/03	USD	4.57	-1.5	138.7	-15.0
Emg Eastrn Europe AA	EU	EQ	LUX	03/03	USD	1.97	-1.6	138.3	-15.1
European Growth	EU	EQ	LUX	03/03	USD	8.62	-7.0	72.1	-17.1
European Growth AA	EU	EQ	LUX	03/03	USD	0.61	-7.0	71.7	-17.3
Global Contrarain AA	GL	EQ	LUX	03/03	USD	0.92	3.0	120.4	NS
Global Property AA	OT	EQ	LUX	03/03	USD	0.67	-0.7	94.0	-12.3
Global Resources AA	OT	EQ	LUX	03/03	USD	1.07	-3.2	58.1	-17.4
Healthcare AA	OT	EQ	LUX	03/03	USD	0.99	3.2	37.3	NS
India Equity AA	EA	EQ	LUX	03/03	USD	1.07	-3.9	100.4	-12.0
International Growth	GL	EQ	LUX	03/03	USD	3.00	-2.0	44.7	-14.0
International Growth AA	GL	EQ	LUX	03/03	USD	0.70	-2.0	44.4	-14.2
Japanese Growth	JP	EQ	LUX	03/03	USD	2.81	1.4	37.5	-11.6
Japanese Growth AA	JP	EQ	LUX	03/03	USD	0.74	2.1	38.0	-11.5
Latin America Equity AA	GL	EQ	LUX	03/03	USD	1.25	-4.1	113.9	-8.7
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/03	USD	1.02	2.1	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/03	USD	1.13	-1.0	NS	NS
Russia Equity AA	EE	EQ	LUX	03/03	USD	0.67	7.6	164.6	-18.8
Taiwan Equity AA	AS	EQ	LUX	03/02	USD	0.99	-8.2	88.7	-4.5
Turkey Equity AA	EE	EQ	LUX	03/03	USD	0.74	-3.6	155.2	-5.7
U.S. Bond AA	US	BD	LUX	03/03	USD	1.13	2.3	20.1	8.2
U.S. Sm Cap Equity AA	US	EQ	LUX	03/03	USD	0.89	7.7	95.2	-6.7
U.S. Special Opportunities	OT	OT	LUX	03/03	USD	0.88	9.0	111.3	8.3
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/03	USD	1.14	0.1	9.8	0.8

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Indonesian Grth Fund	EA	EQ	CYM	02/17	USD	130.72	2.6	136.6	-0.2

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Asia Value Formula Fd-B	AS	EQ	CYM	03/02	USD	7.93	-1.1	115.5	-4.0

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Bonds Eur Hi Yld A	OT	OT	LUX	03/01	EUR	21.25	3.2	57.6	5.0
Bonds EURO A	OT	OT	LUX	03/02	EUR	41.63	1.4	5.2	4.7
Bonds EUROPE A	OT	OT	LUX	03/02	EUR	39.59	1.2	4.1	4.0
Bonds US OppsCoreplus A	OT	OT	LUX	03/02	USD	37.50	1.6	17.6	7.9
Bonds World A	OT	OT	LUX	03/02	USD	41.70	-0.7	12.8	2.6
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/02	USD	9.95	-4.5	88.6	-9.7
Eq. China A	AS	EQ	LUX	03/02	USD	22.41	-7.1	76.8	-11.3
Eq. Concentrated Euroland A	OT	OT	LUX	03/02	EUR	89.76	-3.4	38.6	-14.4
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/02	EUR	26.37	-2.4	50.3	-13.7
Eq. Emerging Europe A	OT	OT	LUX	03/02	EUR	24.89	5.7	119.4	-18.7
Eq. Euroland A	EU	EQ	LUX	03/02	EUR	10.49	-3.1	43.6	-14.9
Eq. Euroland Small Cap A	OT	OT	LUX	03/02	EUR	142.34	0.8	54.9	-7.1
Eq. EurolandCyclclsA	EU	EQ	LUX	03/02	EUR	17.88	0.4	52.4	-9.9
Eq. EurolandFinancialA	OT	EQ	LUX	03/02	EUR	10.38	-8.2	81.4	-18.3
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/02	USD	9.00	-7.1	82.1	-16.1
Eq. Global A	GL	EQ	LUX	03/02	USD	27.54	-1.1	62.9	-10.3
Eq. Global Energy A	OT	OT	LUX	03/02	USD	17.43	-3.9	47.9	-16.6
Eq. Global Resources A	OT	OT	LUX	03/02	USD	107.33	-1.7	74.1	-15.0
Eq. Gold Mines A	OT	OT	LUX	03/02	USD	29.81	-1.6	51.3	-7.8
Eq. India A	OT	OT	LUX	03/02	USD	125.80	-3.8	99.3	-12.6
Eq. Japan CoreAlpha A	OT	OT	LUX	03/02	JPY	7440.43	2.6	43.5	-8.1
Eq. Latin America A	OT	OT	LUX	03/02	USD	111.84	-3.8	107.5	-11.6
Eq. US Lg Cap Gr A	US	EQ	LUX	03/02	USD	15.13	-0.8	58.6	-8.5
Eq. US Rel Val A	US	EQ	LUX	03/02	USD	20.64	0.2	70.2	-11.1
Eq, US Sm Cap Val A	US	EQ	LUX	03/02	USD	16.35	2.5	71.3	-13.8
Money Market EURO A	EU	MM	LUX	03/02	EUR	27.41	0.1	0.7	2.3
Money Market USD A	US	MM	LUX	03/01	USD	15.83	0.0	0.3	1.3

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TNI Mena Real Estate Fund	OT	OT	BMU	02/25	USD	893.63	-7.0	2.7	-30.4
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/25	AED	4.72	-11.5	12.3	-37.6

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Intel-Chin MainInd Foc	AS	EQ	CYM	02/26	USD	28.68	-3.9	76.4	6.4
Intel-China Converg*	AS	EQ	CYM	02/26	USD	109.61	-3.9	76.5	4.4
VP Classic - A	AS	EQ	CYM	03/02	USD	182.51	-2.1	85.3	1.1
VP CLassic - B	AS	EQ	CYM	03/02	USD	84.99	-2.2	84.4	0.6
VP High Dividend Stk	AS	EQ	CYM	03/01	USD	45.70	0.6	87.3	5.1

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■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	03/03	JPY	9065.00	-4.2	29.3	-17.8
YMR-N Small Cap Fund	OT	OT	IRL	03/03	JPY	6561.00	-6.4	22.3	-18.8
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	03/03	JPY	5810.00	-5.5	18.9	-21.7
Yuki 77 Growth	JP	EQ	IRL	03/03	JPY	5305.00	-6.0	13.0	-25.5
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/03	JPY	6605.00	-3.3	26.5	-17.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/03	JPY	7665.00	1.6	19.6	-16.2
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/03	JPY	4543.00	-2.8	21.3	-21.2
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/03	JPY	5207.00	-0.8	22.8	-16.1
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/03	JPY	4742.00	-7.1	19.8	-19.2
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/03	JPY	4180.00	-5.4	20.9	-25.5
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/03	JPY	4424.00	-5.2	21.4	-25.3
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/03	JPY	6602.00	-5.3	30.3	-19.8
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/03	JPY	8256.00	-4.2	26.1	-17.5
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/03	JPY	6077.00	-4.4	20.6	-19.8
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/03	JPY	7536.00	-1.3	12.6	-18.3
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/03	JPY	5030.00	-3.1	24.9	-18.6
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/03	JPY	11443.00	-1.0	28.9	-14.0
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/03	JPY	7450.00	-6.4	19.4	-22.8
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/03	JPY	6549.00	-8.2	27.5	-20.4
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/03	JPY	5545.00	-1.8	27.3	-15.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/03	JPY	2672.00	-2.0	27.5	-23.7
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	03/03	JPY	5219.00	-3.7	26.0	-18.5

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Switzerland	0.29%	3.4%	60.5%
Sweden	0.77	3.3	63.5
U.K.	0.62	1.8	52.3
Netherlands	1.16	1.4	66.8
Canada	0.21	0.1	48.4
South Africa	0.68	unch.	39.6
Japan	0.47	-0.4%	27.0
Russia	1.04	-1.3	77.6
Australia	0.63	-1.6	47.9
France	0.79	-2.8	46.1
Germany	0.67	-2.8	42.8
Hong Kong	-0.32	-3.9	59.6
Turkey	0.24	-4.2	108.2
Singapore	0.40	-4.5	82.7
Brazil	1.72	-4.7	116.2
South Korea	0.60	-5.0	54.7
Italy	0.95	-6.1	54.2
China 88	0.47	-8.9	37.5
Spain	1.11	-9.1	35.7

Dow Jones Regional Sector Titans

Travel Leisure	0.18%	5.0%	55.7%
Arab 50	0.32	4.1	34.4
Ind Gds Svcs	0.99	3.8	83.4
Pers H'hold Gds	0.56	3.8	52.9
Retail	unch.	1.8	54.1
Asian 50	0.80	0.3	63.0
Media	0.51	-0.1%	65.2
Health Care	0.20	-0.2	40.7
Global 50	0.16	-3.7	49.4
Tiger 50*	0.39	-5.1	80.2

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Wednesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Toyota Motor	Japan	Automobiles	$121.3	3,420	3.17%	14.6%	-55.8%
Nintendo	Japan	Toys	37.8	26,250	2.62	-4.0	-15.7
Mitsui	Japan	Industrial Suppliers	29.8	1,460	2.60	73.8	-30.0
RioZim Ltd	Australia	General Mining	40.5	73.87	2.57	115.3	25.1
National Australia Bk	Australia	Banks	49.6	26.20	2.34	52.3	-34.6
QBE Ins Grp	Australia	Reinsurance	$18.9	20.38	-3.41%	18.3	-34.6
China Mobile (HK)	Hong Kong	Mobile Telecommunications	191.0	74.65	-2.42	10.3	11.4
Westfield Grp	Australia	Retail REITs	25.1	12.05	-1.71	21.5	-43.3
Panasonic	Japan	Consumer Electronics	29.1	1,246	-1.50	13.1	-45.7
Japan Tobacco	Japan	Tobacco	34.6	320,000	-0.93	42.0	-37.9

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Mitsubishi Japan (Industrial Suppliers)	42.4	2,295	2.09%	103.5%	-12.7%
Nippon Steel Japan (Iron Steel)	24.3	343.00	1.78	34.5	-59.8
JFE Hldgs Japan (Iron Steel)	20.5	3,445	1.77	59.9	-52.2
KB Fncl Group South Korea (Banks)	16.8	49,900	1.63	77.6	-39.0
BHP Billiton Australia (General Mining)	126.3	41.67	1.41	53.7	51.9
Sony Japan (Consumer Electronics)	35.2	3,135	1.29	76.1	-46.1
Westpac Bking Australia (Banks)	71.0	26.99	0.97	71.9	4.9
Tokyo Elec Power Japan (Conventional Electricity)	37.9	2,489	0.97	-5.9	-38.4
Shinhan Financial Grp South Korea (Banks)	17.9	43,050	0.94	96.1	-19.7
PetroChina Hong Kong (Integrated Oil Gas)	24.3	8.93	0.68	66.9	2.9
Indl Comm Bk China Hong Kong (Banks)	63.1	5.90	0.68	85.5	38.8
Canon Japan (Electronic Office Equipment)	52.8	3,795	0.66	63.2	-37.5
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	36.5	110.60	0.64	86.5	24.8
Sumitomo Mitsui Finl Japan (Banks)	43.9	2,888	0.63	-3.1	-73.8
Mizuho Financial Grp Japan (Banks)	28.3	179.00	0.56	-0.6	-77.7
Honda Motor Japan (Automobiles)	63.8	3,100	0.49	40.6	-26.5
Commonwlth Bk of Aus Australia (Banks)	75.7	55.14	0.40	102.2	10.0
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	35.6	133.50	0.38	113.5	-1.2
CNOOC Hong Kong (Exploration Production)	70.4	12.24	0.33	93.4	94.3
KDDI Japan (Mobile Telecommunications)	24.1	483,500	0.31	0.7	-45.8

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Shin-Etsu Chml Japan (Specialty Chemicals)	23.0	4,815	0.31%	16.6%	-30.3%
Woodside Petroleum Australia (Exploration Production)	28.6	44.19	0.25	31.1	23.5
Mitsubishi UFJ Finl Japan (Banks)	71.4	456.00	0.22	7.0	-67.0
Aus NZ Bk Australia (Banks)	54.0	23.88	0.21	91.8	-17.9
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.8	56.10	0.18	44.6	-22.3
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	48.6	60.00	0.17	31.1	-7.0
Kansai Elec Power Japan (Conventional Electricity)	23.0	2,138	0.14	-2.6	-39.3
Samsung Elec South Korea (Semiconductors)	99.4	771,000	0.13	57.7	35.3
Nippon T&T Japan (Fixed Line Telecommunications)	58.1	3,900	...	-1.3	-34.6
Takeda Pharm Japan (Pharmaceuticals)	35.9	4,035	...	4.8	-48.8
China Life Ins Hong Kong (Life Insurance)	33.6	35.10	-0.28	59.6	70.4
NTT DoCoMo Japan (Mobile Telecommunications)	65.4	139,100	-0.36	-7.2	-32.5
Nissan Motor Japan (Automobiles)	32.2	702.00	-0.43	125.7	-46.5
POSCO South Korea (Iron Steel)	35.3	532,000	-0.56	66.0	48.6
Seven I Hldgs Japan (Broadline Retailers)	20.1	1,972	-0.65	-6.1	-45.4
China Constr Bk Hong Kong (Banks)	177.6	6.14	-0.65	55.1	45.2
Woolworths Australia (Food Retailers Wholesalers)	30.6	27.57	-0.68	4.0	-0.9
East Japan Railway Japan (Travel Tourism)	27.3	6,120	-0.81	9.9	-32.0
Cheung Kong Hong Kong (Real Estate Holding Development)	28.7	96.20	-0.82	56.2	6.3
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.1	2,486	-0.92	22.2	-40.7

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.61%	0.88%	0.2%	-0.7%	6.7%
Event Driven	0.37	0.94	1.3	0.2	13.8
Equity Long/Short	0.97	1.83	2.8	1.5	5.3

*Estimates as of 03/01/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

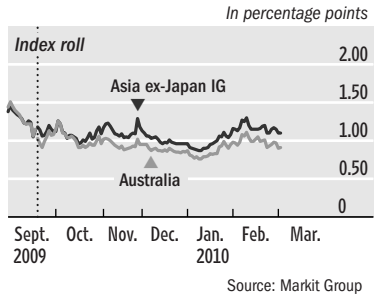
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.82	100.83%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.23	98.96	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.43	102.23	0.05	6.15	3.79	4.93
Asia ex-Japan IG: 12/1	1.10	99.56	0.01	1.34	0.87	1.08
Japan: 12/1	1.36	98.34	0.01	1.68	0.99	1.36

Note: Data as of March 2

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Acom	322	-11	25	30
Toyota Mtr	82	-10	-3	-8
Socialist Rep Vietnam	268	-10	-10	16
Rep Indonesia	184	-9	-14	-13
Kawasaki Heavy Inds	162	-8	-15	8
Korea Dep Ins	83	-8	4	-7
Fujitsu	68	-8	-7	-3
Rep Philippines	180	-7	-14	-14
Kookmin Bk	128	-7	12	2
Marubeni	193	-7	-18	-18

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Hynix Semicon	470	1	-8	41
Hong Kong Spl Admin Region	53	1	...	2
Hyundai Mtr	124	1	8	1
Nippon Sheet Glass	218	1	-2	14
Nippon Yusen Kabushiki Kaisha	100	1	...	-4
Konica Minolta Hldgs	61	2	-1	11
Marui Group	258	2	-8	15
Nagoya Rr	72	2	1	12
Mitsui Chems	143	3	-3	8
Isetan	98	6	9	16

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Global

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$580	7.2%	26%	41%	24%	9%
Goldman Sachs	560	6.9	27	26	39	8
Bank of America Merrill Lynch	521	6.5	21	44	17	17
Citi	458	5.7	25	38	34	3
Morgan Stanley	445	5.5	25	32	42	2
Credit Suisse	430	5.3	27	47	24	2
Deutsche Bank	423	5.2	21	44	28	7
UBS	376	4.7	28	40	29	3
Barclays Capital	374	4.6	24	50	17	9

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**383.50**	2.00	**0.52%**	714.00	325.00
Soybeans (cents/bu.)	CBOT	**965.00**	1.50	**0.16**	1,087.50	819.75
Wheat (cents/bu.)	CBOT	**509.00**	4.50	**0.89**	745.00	472.00
Live cattle (cents/lb.)	CME	**92.775**	1.050	**1.14**	95.175	85.050
Cocoa ($/ton)	ICE-US	**2,809**	-20	**-0.71%**	3,514	2,066
Coffee (cents/lb.)	ICE-US	**131.10**	-1.20	**-0.91**	190.40	118.30
Sugar (cents/lb.)	ICE-US	**22.43**	-0.21	**-0.93**	29.00	11.90
Cotton (cents/lb.)	ICE-US	**82.38**	0.53	**0.65**	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	**2,635.00**	23	**0.88**	3,600	1,486
Cocoa (pounds/ton)	LIFFE	**2,133**	-21	**-0.97**	2,356	1,475
Robusta coffee ($/ton)	LIFFE	**1,285**	6	**0.47**	1,605	1,251
Copper (cents/lb.)	COMEX	**344.90**	3.75	**1.10**	355.00	140.00
Gold ($/troy oz.)	COMEX	**1141.20**	4.30	**0.38**	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	**1732.00**	25.60	**1.50**	1,949.50	916.00
Aluminum ($/ton)	LME	**2,165.00**	26.00	**1.22**	2,356.50	1,301.00
Tin ($/ton)	LME	**17,255.00**	305.00	**1.80**	18,250.00	9,945.00
Copper ($/ton)	LME	**7,519.00**	129.50	**1.75**	7,695.00	3,525.00
Lead ($/ton)	LME	**2,225.00**	51.00	**2.35**	2,615.00	1,100.00
Zinc ($/ton)	LME	**2,269.00**	50.50	**2.28**	2,659.00	1,170.00
Nickel ($/ton)	LME	**22,630**	1,005	**4.65**	22,630	9,475
Crude oil ($/bbl.)	NYMEX	**80.76**	1.08	**1.36**	116.70	51.00
Heating oil ($/gal.)	NYMEX	**2.0793**	0.0232	**1.13**	3.4750	1.3939
RBOB gasoline ($/gal.)	NYMEX	**2.2401**	0.0435	**1.98**	2.2972	1.4475
Natural gas ($/mmBtu)	NYMEX	**4.761**	0.053	**1.13**	10.800	4.595
Brent crude ($/bbl.)	ICE-EU	**78.82**	0.37	**0.47**	109.11	57.30
Gas oil ($/ton)	ICE-EU	**642.25**	1.50	**0.23**	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 3

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2784	0.1895	3.8555	0.2594
Brazil real	2.4347	0.4107	1.7784	0.5623
Canada dollar	1.4083	0.7101	1.0287	0.9721
1-mo. forward	1.4084	0.7100	1.0287	0.9721
3-mos. forward	1.4085	0.7100	1.0288	0.9720
6-mos. forward	1.4093	0.7096	1.0294	0.9715
Chile peso	706.91	0.001415	516.35	0.001937
Colombia peso	2615.57	0.0003823	1910.50	0.0005234
Ecuador US dollar-f	1.3691	0.7304	1	1
Mexico peso-a	17.3746	0.0576	12.6910	0.0788
Peru sol	3.8929	0.2569	2.8435	0.3517
Uruguay peso-e	27.039	0.0370	19.750	0.0506
U.S. dollar	1.3691	0.7304	1	1
Venezuela bolivar	5.88	0.170080	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5113	0.6617	1.1039	0.9059
China yuan	9.3449	0.1070	6.8259	0.1465
Hong Kong dollar	10.6269	0.0941	7.7623	0.1288
India rupee	62.7367	0.0159	45.8250	0.0218
Indonesia rupiah	12698	0.0000788	9275	0.0001078
Japan yen	121.23	0.008249	88.55	0.011293
1-mo. forward	121.21	0.008250	88.54	0.011294
3-mos. forward	121.18	0.008252	88.51	0.011298
6-mos. forward	121.10	0.008257	88.46	0.011305
Malaysia ringgit-c	4.6113	0.2169	3.3683	0.2969
New Zealand dollar	1.9764	0.5060	1.4436	0.6927
Pakistan rupee	116.506	0.0086	85.100	0.0118
Philippines peso	62.922	0.0159	45.960	0.0218
Singapore dollar	1.9166	0.5218	1.4000	0.7143
South Korea won	1564.82	0.0006390	1143.00	0.0008749
Taiwan dollar	43.782	0.02284	31.980	0.03127
Thailand baht	44.734	0.02235	32.675	0.03060

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7304	1.3691
1-mo. forward	1.0000	1.0000	0.7305	1.3690
3-mos. forward	1.0002	0.9998	0.7305	1.3688
6-mos. forward	1.0005	0.9995	0.7308	1.3683
Czech Rep. koruna-b	25.753	0.0388	18.811	0.0532
Denmark krone	7.4420	0.1344	5.4359	0.1840
Hungary forint	265.85	0.003762	194.19	0.005150
Norway krone	8.0614	0.1240	5.8883	0.1698
Poland zloty	3.8959	0.2567	2.8457	0.3514
Russia ruble-d	40.772	0.02453	29.781	0.03358
Sweden krona	9.7869	0.1022	7.1487	0.1399
Switzerland franc	1.4630	0.6835	1.0687	0.9358
1-mo. forward	1.4627	0.6837	1.0684	0.9360
3-mos. forward	1.4621	0.6839	1.0680	0.9363
6-mos. forward	1.4611	0.6844	1.0673	0.9370
Turkey lira	2.0996	0.4763	1.5336	0.6521
U.K. pound	0.9087	1.1005	0.6637	1.5066
1-mo. forward	0.9089	1.1002	0.6639	1.5062
3-mos. forward	0.9093	1.0997	0.6642	1.5056
6-mos. forward	0.9099	1.0990	0.6646	1.5046
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5161	1.9376	0.3770	2.6526
Egypt pound-a	7.5004	0.1333	5.4786	0.1825
Israel shekel	5.1579	0.1939	3.7675	0.2654
Jordan dinar	0.9700	1.0310	0.7085	1.4114
Kuwait dinar	0.3944	2.5355	0.2881	3.4713
Lebanon pound	2063.84	0.0004845	1507.50	0.0006634
Saudi Arabia riyal	5.1341	0.1948	3.7502	0.2667
South Africa rand	10.2679	0.0974	7.5000	0.1333
United Arab dirham	5.0282	0.1989	3.6728	0.2723
SDR -f	0.8921	1.1210	0.6516	1.5347

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	123.41	0.81	**0.66%**	0.3%	64.0%
...	Australia	SPX/ASX 200	4735.67	33.75	**0.72**	-2.8	49.6
...	China	CBN 600	27793.32	234.03	**0.85**	-4.3	48.1
19	Hong Kong	Hang Seng	20876.79	-29.32	**-0.14%**	-4.6	69.3
19	India	Sensex	17000.01	227.45	**1.36**	-2.7	101.3
...	Indonesia	Jakarta Composite	2567.089	-9.502	**-0.37**	1.3	99.1
...	Japan	Nikkei Stock Average	10253.14	31.30	**0.31**	-2.8	40.6
...		Topix	905.65	2.94	**0.33**	-0.2	23.7
...	Malaysia	Kuala Lumpur Composite	1286.10	-1.97	**-0.15**	1.0	48.4
...	New Zealand	NZSX-50	3198.523	15.284	**0.48**	-1.0	29.5
8	Pakistan	KSE 100	9419.43	-126.95	**-1.33**	0.3	62.0
14	Philippines	Manila Composite	3069.29	7.40	**0.24**	0.5	62.7
...	Singapore	Straits Times	2782.79	10.59	**0.38**	-4.0	80.2
11	South Korea	Kospi	1622.44	7.32	**0.45**	-3.6	53.2
20	Taiwan	Weighted	7629.52	31.90	**0.42**	-6.8	68.0
10	Thailand	SET	735.04	1.85	**0.25**	0.1	75.9
57	**EUROPE**	Stoxx Europe 600	252.50	1.85	**0.74**	-0.3	50.8
23		Stoxx Europe 50	2531.95	17.17	**0.68**	-1.8	48.6
70	**Euro Zone**	Euro Stoxx	265.87	2.32	**0.88%**	-3.2%	47.2%
21		Euro Stoxx 50	2821.10	24.77	**0.89**	-4.9	45.5
21	Denmark	OMX Copenhagen	345.40	3.51	**1.03**	9.4	66.2
20	Finland	OMX Helsinki	6896.82	92.44	**1.36**	6.8	59.6
16	France	CAC-40	3842.52	30.60	**0.80**	-2.4	43.6
17	Germany	DAX	5817.88	41.32	**0.72**	-2.3	49.5
13	Italy	FTSE MIB	21745.06	313.65	**1.46**	-6.5	51.4
...	Netherlands	AEX	331.86	3.62	**1.10**	-1.0	56.8
...	Russia	RTSI	1460.20	14.58	**1.01**	2.3	159.4
10	Spain	IBEX 35	10664.5	143.0	**1.36**	-10.7	44.9
16	Switzerland	SMI	6813.16	-6.88	**-0.10%**	4.1	52.6
...	Turkey	ISE National 100	51699.06	222.95	**0.43**	-2.1	115.9
14	U.K.	FTSE 100	5533.21	49.15	**0.90**	2.2	51.8
18	**AMERICAS**	DJ Americas	299.56	1.11	**0.37**	1.0	65.4
...	Brazil	Bovespa	68574.62	795.46	**1.17**	...	78.7
...	Argentina	Merval	2313.07	27.35	**1.20**	-0.3	136.8
19	Mexico	IPC	32374.09	319.05	**1.00**	0.8	83.2

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2303.88	16.03	**0.70%**	-0.6%	66.8%	-6.4%
1.92	19	**Global DOW**	1939.32	16.51	**0.86**	-2.3	61.5	-3.1
2.43	15	**Global Titans 50**	167.26	0.27	**0.16**	-3.7	49.4	-8.9
2.18	25	**Asia/Pacific TSM**	1220.20	8.10	**0.67**	0.3	69.1	-5.1
2.42	15	**Asia/Pacific ex-Japan TSM**	2995.45	20.81	**0.70**	-2.6	100.2	1.5
2.78	14	**Europe TSM**	2541.41	33.51	**1.34**	-5.1	65.1	-10.2
1.86	14	**Emerging Markets TSM**	4016.03	35.39	**0.89**	-1.0	103.4	3.2
2.45	33	**Asian Titans 50**	134.73	1.07	**0.80**	0.3	63.0	-6.9
6.37	6	**BRIC 50**	573.09	1.67	**0.29**	-4.2	100.1	8.0
0.86	27	**CBN China 600** -c	27793.32	234.03	**0.85**	-4.3	48.1	12.0
2.35	18	**China Offshore 50**	3900.12	-9.21	**-0.24**	-4.4	67.0	8.6
0.89	30	**Shanghai** -c	374.67	3.33	**0.90**	-3.4	49.2	12.2

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.56%	46	**Shenzhen -c**	414.07	4.07	**0.99%**	-0.6%	66.6%	18.5%
1.84	22	**U.S. TSM**	11550.72	37.00	**0.32**	1.5	60.9	-6.2
4.83	14	**Global Select Div -d**	192.90	0.47	**0.24**	-4.5	97.6	-9.8
5.34	14	**Asia/Pacific Select Div -d**	265.04	1.01	**0.38**	-1.3	121.2	-9.5
3.70	14	**Hong Kong Select Div -d**	188.41	-0.61	**-0.33**	0.5	60.3	1.2
4.23	15	**U.S. Select Dividend -d**	321.09	0.78	**0.24**	1.7	61.5	-13.3
1.80	15	**Islamic Market**	1961.75	11.97	**0.61**	-0.7	58.2	-1.4
2.00	15	**Islamic Market 100**	2081.67	10.59	**0.51**	-1.9	44.8	-2.0
2.60	17	**Islamic China/HK Titans 30**	1473.90	-10.00	**-0.67**	-0.8	62.4	3.2
1.55	12	**Sustainability Korea**	1171.08	12.27	**1.06**	-2.8	110.7	0.2
3.40	17	**Brookfield Infrastructure**	2002.33	1.99	**0.10**	-1.2	55.1	-3.6
		DJ-UBS Commodity -p	134.39	1.42	**1.07**	-3.5	30.1	-7.2

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.104	0.664	1.029	6.826	0.730	7.762	45.825	9274.72	88.550	1.444	1143.00	3.368	45.960	1.400	1.069	31.980	32.675
Australia	0.906		0.601	0.932	6.183	0.662	7.031	41.511	8401.50	80.213	1.308	1035.39	3.051	41.633	1.268	0.968	28.969	29.599
Britain	1.507	1.663		1.550	10.284	1.100	11.695	69.040	13973.29	133.409	2.175	1722.05	5.075	69.243	2.109	1.610	48.181	49.228
Canada	0.972	1.073	0.645		6.635	0.710	7.546	44.547	9015.96	86.079	1.403	1111.11	3.274	44.678	1.361	1.039	31.088	31.763
China	0.1465	0.162	0.097	0.151		0.107	1.137	6.713	1358.76	12.973	0.211	167.45	0.493	6.733	0.205	0.157	4.685	4.787
Euro	1.369	1.511	0.909	1.408	9.345		10.627	62.737	12697.55	121.229	1.976	1564.83	4.611	62.922	1.917	1.463	43.782	44.734
Hong Kong	0.129	0.142	0.086	0.133	0.879	0.094		5.904	1194.85	11.408	0.186	147.25	0.434	5.921	0.180	0.138	4.120	4.209
India	0.0218	0.0241	0.0145	0.0224	0.1490	0.0159	0.1694		202.39	1.9324	0.0315	24.94	0.0735	1.0029	0.0305	0.0233	0.6979	0.7130
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0095	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.077	0.008	0.088	0.518	104.74		0.016	12.91	0.038	0.519	0.016	0.012	0.361	0.369
New Zealand	0.693	0.765	0.460	0.713	4.728	0.506	5.377	31.743	6424.60	61.339		791.76	2.333	31.836	0.970	0.740	22.153	22.634
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0006	0.0068	0.0401	8.11	0.0775	0.0013		0.0029	0.0402	0.0012	0.0009	0.0280	0.0286
Malaysia	0.297	0.328	0.197	0.305	2.027	0.217	2.305	13.605	2753.57	26.290	0.429	339.35		13.645	0.416	0.317	9.495	9.701
Philippines	0.022	0.024	0.014	0.022	0.149	0.016	0.169	0.997	201.80	1.927	0.031	24.87	0.073		0.030	0.023	0.696	0.711
Singapore	0.714	0.789	0.474	0.735	4.876	0.522	5.545	32.733	6625.03	63.252	1.031	816.46	2.406	32.830		0.763	22.844	23.340
Switzerland	0.936	1.033	0.621	0.963	6.387	0.684	7.264	42.881	8678.91	82.862	1.351	1069.57	3.152	43.008	1.310		29.926	30.576
Taiwan	0.031	0.035	0.021	0.032	0.213	0.023	0.243	1.433	290.02	2.769	0.045	35.74	0.105	1.437	0.044	0.033		1.022
Thailand	0.031	0.034	0.020	0.031	0.209	0.022	0.238	1.402	283.85	2.710	0.044	34.98	0.103	1.407	0.043	0.033	0.979	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 03, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	294.01	-0.82%	**-1.8%**	57.1%
2.50	24	**World (Developed Markets)**	1,149.39	-0.77	**-1.6**	53.1
1.80	83	**World Small Cap**	194.10	-1.06	**2.1**	75.1
2.50	21	**Kokusai (World ex-Japan)**	1,133.93	-0.76	**-2.2**	55.7
3.00	23	**EAFE**	1,516.32	-1.16	**-4.1**	52.0
2.20	20	**Emerging Markets (EM)**	959.66	-1.23	**-3.0**	92.2
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	402.70	-0.86	**-3.3**	88.0
2.20	22	**AC Far East ex-Japan**	432.40	-0.74	**-3.9**	79.8
1.70	145	**Japan**	564.37	0.45	**-0.7**	20.9
2.00	19	**China**	62.26	0.37	**-3.9**	71.8
0.90	37	**China A (China Domestic)**	3,175.69	-0.32	**-6.1**	55.7
2.60	23	**Hong Kong**	10,056.83	0.10	**-1.2**	60.4
0.90	20	**India**	684.55	1.85	**-3.2**	101.4
1.30	16	**Korea**	457.66	1.60	**-4.8**	57.0
2.30	20	**Malaysia**	472.24	0.38	**0.5**	42.5
3.10	17	**Singapore**	1,544.99	-0.22	**-4.9**	72.4
2.70	234	**Taiwan**	273.40	0.30	**-7.6**	58.4
3.30	18	**Thailand**	301.67	2.15	**-0.0**	71.4
3.60	25	**Australia**	974.18	0.33	**-2.7**	41.2
5.00	16	**New Zealand**	82.94	0.36	**-4.9**	13.5
1.90	28	**US BROAD MARKET**	1,249.13	-0.34	**1.0**	55.5
3.40	16	**EUROPE**	87.04	0.79	**-1.4**	44.0

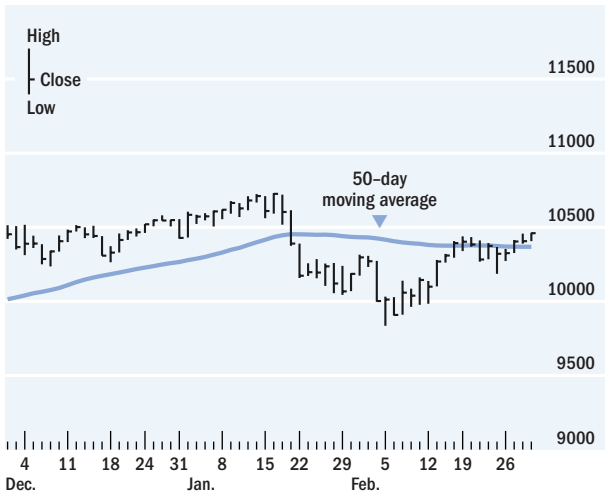
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 16

LAST: **10459.94** ▲ 53.96, or 0.52%
YEAR TO DATE: ▲ **31.89, or 0.3%**
OVER 52 WEEKS ▲ **3,584.10, or 52.1%**



Nasdaq Composite Index P/E: 19*

LAST: **2290.12** ▲ 9.33, or 0.41%
YEAR TO DATE: ▲ **20.97, or 0.9%**
OVER 52 WEEKS ▲ **936.38, or 69.2%**

S&P 500 Index P/E: 22

LAST: **1124.45** ▲ 6.14, or 0.55%
YEAR TO DATE: ▲ **9.35, or 0.8%**
OVER 52 WEEKS ▲ **411.58, or 57.7%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**8.00**	$24.97	0.09	**0.36%**
Alcoa	AA	**15.30**	13.49	0.25	**1.89**
AmExpress	AXP	**3.20**	38.76	0.37	**0.96**
BankAm	BAC	**61.00**	16.58	0.13	**0.79**
Boeing	BA	**1.60**	64.58	0.14	**0.22**
Caterpillar	CAT	**4.20**	59.56	1.41	**2.42**
Chevron	CVX	**3.70**	73.56	0.24	**0.33**
CiscoSys	CSCO	**19.60**	24.83	0.22	**0.91**
CocaCola	KO	**4.50**	53.74	0.44	**0.83**
Disney	DIS	**4.20**	31.82	-0.06	**-0.19**
DuPont	DD	**2.80**	34.38	0.35	**1.03**
ExxonMobil	XOM	**9.10**	65.88	0.39	**0.59**
GenElec	GE	**44.40**	16.27	0.37	**2.36**
HewlettPk	HPQ	**5.60**	51.29	0.17	**0.33**
HomeDpt	HD	**5.70**	31.70	0.34	**1.08**
Intel	INTC	**20.00**	20.65	-0.05	**-0.23**
IBM	IBM	**2.50**	127.75	0.33	**0.26**
JPMorgChas	JPM	**10.30**	41.86	0.24	**0.57**
JohnsJohns	JNJ	**3.20**	63.55	0.11	**0.17**
KftFoods	KFT	**3.40**	29.03	0.12	**0.42**
McDonalds	MCD	**2.40**	63.81	-0.26	**-0.41**
Merck	MRK	**4.70**	37.54	0.15	**0.40**
Microsoft	MSFT	**22.30**	28.49	0.02	**0.09**
Pfizer	PFE	**38.30**	17.44	-0.16	**-0.91**
ProctGamb	PG	**2.80**	63.75	0.03	**0.05**
3M	MMM	**1.00**	81.62	0.49	**0.61**
TravelersCos	TRV	**1.40**	53.50	0.21	**0.39**
UnitedTech	UTX	**2.20**	69.82	0.07	**0.10**
Verizon	VZ	**5.60**	29.14	-0.12	**-0.41**
WalMart	WMT	**6.00**	53.48	-0.11	**-0.21**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
SiriusXM	SIRI	**153.8**	$0.96	$0.07	**7.45%**
Novell	NOVL	**99.5**	6.04	1.29	**27.16**
FordMotor	F	**84.2**	12.73	0.51	**4.17**
Citigroup	C	**78.0**	3.42	0.02	**0.59**
SPDR S&P 500	SPY	**63.7**	112.84	0.64	**0.57**
BankAm	BAC	**62.5**	16.58	0.13	**0.79**
GenElec	GE	**44.5**	16.28	0.38	**2.40**
Pfizer	PFE	**43.9**	17.45	–0.16	**–0.88**
Medivation	MDVN	**29.1**	13.20	–27.05	**–67.20**
PwrShrs QQQ	QQQQ	**27.6**	45.78	0.23	**0.50**
SPDR FnclSelSct	XLF	**25.3**	14.87	0.10	**0.68**
iShrRu2000	IWM	**24.0**	65.41	0.66	**1.02**
iShrMSCIEmrgMkt	EEM	**23.6**	40.55	0.48	**1.21**
Qualcomm	QCOM	**22.7**	38.70	0.77	**2.03**
Microsoft	MSFT	**22.4**	28.49	0.03	**0.11**

Biggest gainers...

SW Wtr	SWWC	**8,712.5**	$10.48	$3.41	**48.23%**
Trintch ADS	TTPA	**149.2**	4.22	1.07	**33.97**
Novell	NOVL	**99,483.4**	6.04	1.29	**27.16**
MergeHlth	MRGE	**528.7**	2.53	0.51	**25.25**
AndtChMarFuel	AMCF	**1,968.2**	7.26	1.33	**22.43**

...Biggest losers

Medivation	MDVN	**29,093.7**	$13.20	-$27.05	**-67.20%**
VisionChinaADS	VISN	**9,845.4**	5.16	-3.04	**-37.07**
ArchplgLearn	ARCL	**195.8**	15.98	-2.19	**-12.05**
LCA Vision	LCAV	**197.9**	7.85	-0.86	**-9.87**
RehabCrGp	RHB	**1,203.0**	26.02	-2.56	**-8.96**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.98	**Taiwan Semi**	TSM	**4,835.8**	$10.00	0.05	**0.50%**
82.74	33.09	**BHP Billiton**	BHP	**2,566.3**	77.19	2.36	**3.15**
4.24	1.65	**Utd Microelectronics**	UMC	**1,638.7**	3.57	0.04	**1.13**
91.97	56.79	**Toyota Motor**	TM	**1,205.2**	77.26	2.84	**3.82**
13.30	6.35	**AU Optrncs**	AUO	**1,122.4**	10.71	0.06	**0.56**
59.22	40.20	**China Mobile**	CHL	**936.6**	48.10	-1.04	**-2.12**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**902.6**	5.21	0.04	**0.77**
15.95	8.74	**China Unicom**	CHU	**852.0**	12.57	0.04	**0.32**
5.23	1.57	**Adv Semi Engrg**	ASX	**816.8**	4.11	-0.07	**-1.67**
18.20	6.85	**Korea Elec Pwr**	KEP	**694.4**	16.22	0.28	**1.76**
59.60	22.61	**Infosys Tech**	INFY	**548.2**	59.44	0.36	**0.61**
8.19	4.18	**Siliconware Prec Ind**	SPIL	**364.9**	5.97	-0.03	**-0.50**
9.50	4.00	**Nomura Hldgs**	NMR	**327.3**	7.28	-0.11	**-1.49**
18.64	12.59	**SK Telecom**	SKM	**315.1**	16.74	-0.09	**-0.53**
21.22	16.33	**ChunghwaTel**	CHT	**221.1**	18.93	-0.10	**-0.53**
150.50	47.09	**POSCO**	PKX	**194.3**	118.48	1.09	**0.93**
34.27	10.70	**Aluminum Cp of China**	ACH	**193.9**	25.83	0.62	**2.46**
81.00	38.70	**China Life Ins**	LFC	**186.4**	68.72	0.39	**0.57**
35.68	16.22	**Sony**	SNE	**179.0**	35.65	0.80	**2.30**
94.00	46.45	**China Petro & Chem**	SNP	**169.2**	80.52	1.44	**1.82**
135.92	63.94	**PetroChina**	PTR	**167.1**	116.37	1.40	**1.22**
5.38	1.55	**SemiMfgInt**	SMI	**156.4**	5.00	-0.33	**-6.11**
37.23	20.72	**Honda Motor**	HMC	**144.5**	35.18	0.31	**0.89**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**143.6**	22.09	0.47	**2.17**
41.87	20.03	**Telekom Indonesia**	TLK	**133.8**	35.93	-0.54	**-1.48**
9.82	5.43	**Telecom Corp of NZ**	NZT	**130.9**	7.78	0.05	**0.65**
13.45	2.00	**City Telecom**	CTEL	**122.4**	13.01	-0.24	**-1.81**
24.09	17.71	**NTT**	NTT	**101.5**	22.20	0.20	**0.91**
21.78	11.30	**KT Corp**	KT	**101.2**	19.50	0.14	**0.72**
17.19	10.60	**Matsushita Elec**	PC	**96.8**	14.18	-0.05	**-0.35**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

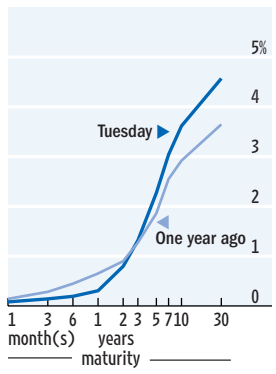
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.613%**	**379.7**	378.4	339.6	**211.3**	**4.600%**	4.215%	**3.003%**
4.500	10	**5.500**	**185.8**	181.8	184.5	**159.7**	**5.462**	5.436	**4.485**
5.000	**Austria** 2	**1.326**	**51.0**	42.0	77.9	**33.8**	**1.236**	1.598	**1.228**
3.900	10	**3.587**	**-5.5**	-8.4	9.5	**130.9**	**3.560**	3.686	**4.197**
2.000	**Belgium** 2	**1.094**	**27.8**	26.7	61.3	**33.3**	**1.083**	1.432	**1.223**
3.750	10	**3.648**	**0.6**	0.5	18.1	**126.0**	**3.649**	3.772	**4.148**
1.500	**Canada** 2	**1.464**	**64.8**	55.4	36.5	**7.9**	**1.370**	1.184	**0.969**
3.750	10	**3.453**	**-18.9**	-22.7	-24.2	**9.4**	**3.417**	3.349	**2.982**
4.000	**Denmark** 2	**1.682**	**86.6**	86.9	111.3	**120.1**	**1.685**	1.932	**2.091**
4.000	10	**3.433**	**-20.9**	-21.7	-5.0	**59.3**	**3.427**	3.541	**3.481**
3.750	**France** 2	**0.914**	**9.8**	8.4	41.3	**54.0**	**0.900**	1.232	**1.430**
3.500	10	**3.434**	**-20.8**	-22.6	-11.3	**74.8**	**3.418**	3.478	**3.636**
1.250	**Germany** 2	**0.890**	**7.4**	6.4	31.0	**30.4**	**0.880**	1.129	**1.194**
3.250	10	**3.137**	**-50.5**	-52.3	-39.2	**16.4**	**3.121**	3.199	**3.052**
0.640	**Hong Kong** 2	**0.747**	**-6.9**	-7.0	-19.9	**-6.4**	**0.746**	0.620	**0.826**
2.160	10	**2.873**	**-76.9**	-77.3	-67.9	**-83.2**	**2.871**	2.912	**2.056**
5.000	**Italy** 2	**1.398**	**58.2**	59.3	109.9	**131.1**	**1.409**	1.918	**2.201**
4.250	10	**3.958**	**31.6**	32.2	52.0	**171.6**	**3.966**	4.111	**4.604**
0.200	**Japan** 2	**0.162**	**-65.4**	-65.1	-65.4	**-49.5**	**0.165**	0.165	**0.395**
1.400	10	**1.338**	**-230.4**	-234.0	-226.1	**-160.1**	**1.304**	1.330	**1.287**
2.500	**Netherlands** 2	**0.900**	**8.4**	7.0	40.5	**69.3**	**0.886**	1.224	**1.583**
3.500	10	**3.412**	**-23.0**	-24.5	-16.1	**96.7**	**3.399**	3.430	**3.855**
5.000	**Portugal** 2	**1.904**	**108.8**	116.3	144.1	**142.4**	**1.979**	2.260	**2.314**
4.800	10	**4.275**	**63.3**	66.1	83.6	**190.6**	**4.305**	4.427	**4.794**
5.350	**Spain** 2	**1.223**	**40.7**	38.6	96.3	**107.0**	**1.202**	1.782	**1.960**
4.000	10	**3.880**	**23.8**	22.5	55.1	**134.1**	**3.869**	4.142	**4.229**
2.750	**Switzerland** 2	**0.364**	**-45.2**	-48.7	-17.9	**-41.7**	**0.329**	0.640	**0.473**
2.250	10	**1.889**	**-175.3**	-174.4	-154.8	**-63.6**	**1.900**	2.043	**2.252**
3.250	**U.K.** 2	**1.071**	**25.5**	20.4	43.0	**38.0**	**1.020**	1.249	**1.270**
3.750	10	**4.019**	**37.7**	37.8	32.0	**66.6**	**4.022**	3.911	**3.554**
0.875	**U.S.** 2	**0.816**	**...**	...	...	**...**	**0.816**	0.819	**0.890**
3.625	10	**3.642**	**...**	...	...	**...**	**3.644**	3.591	**2.888**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.569%**	16.16	–0.57%	1.79%	1.79%	–10.49%
10-year Treasury	**3.615**	8.29	–0.15	2.51	2.51	–2.16
7 Year Treasury	**3.040**	6.26	...	2.98	2.98	2.01
Five-year Treasury	**2.272**	4.69	0.08	2.46	2.46	2.14
Ryan Index	**2.601**	6.71	–0.10	2.07	2.07	–0.45
3 Year Treasury	**1.316**	2.89	0.02	1.59	1.59	3.09
Two-year Treasury	**0.796**	1.97	0.02	1.01	1.01	2.26
1 Year Treasury	**0.305**	0.94	–0.01	0.24	0.24	1.32
Six-month Treasury	**0.193**	0.50	...	0.05	0.05	0.60
Ryan Cash Index-a	**0.180**	0.44	...	0.08	0.08	0.59
Three-month bill	**0.142**	0.25	–0.01	0.01	0.01	0.33
One-month bill	**0.081**	0.08	...	0.01	0.01	0.12

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	1.00
ECB	**1.00**	2.00
Switzerland	**0.53**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22813%**	0.51813%
Three month	**0.25194**	1.27663
Six month	**0.38319**	1.81688
One year	**0.83438**	2.11500

	Latest	52 wks ago
Euro Libor		
One month	**0.38000%**	1.47125%
Three month	**0.60000**	1.77938
Six month	**0.91063**	1.89125
One year	**1.19625**	2.00188
Hibor		
One month	**0.08000**	0.29500%
Three month	**0.13000**	0.89643
Six month	**0.23000**	1.25000
One year	**0.50000**	1.69000
Asian dollars		
One month	**0.2376%**	0.51%
Three month	**0.2566**	1.2650
Six month	**0.3860**	1.7840
One year	**0.8390**	2.0940

	Offer	Bid
Eurodollars		
One month	**0.2700%**	0.1700%
Three month	**0.3500**	0.2000
Six month	**0.5000**	0.3000
One year	**0.9000**	0.5500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.23%**	0.28%
U.K. (BBA)	**0.510**	1.225
Euro zone	**0.29**	1.30

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average

Japan 10253.14

▲ **0.31% or 31.30**

Toyota Motor's advance helped lift the index even though the yen rallied to the strongest point in more than two months against the dollar, hurting the stocks of exporters.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**126.35**	179	1	0.56
Kawasaki Kisen K	**54.52**	321	4	1.26
Mtshbsh Fin Grp	**46.03**	456	1	0.22
Sumitomo Metal	**43.84**	261	10	3.98
Nippon Steel	**42.16**	343	6	1.78

Sensex

India 17000.01

▲ **1.36% or 227.45**

The benchmark index eked out a close above 17000 for the first time in more than five weeks, helped by increases in financial-services stocks.

Stock	Volume in millions	Close	Change Net	Change %
Jaiprak Asso-A	**3.39**	145.20	8.40	6.14
Hindalco-A	**3.04**	170.95	1.90	1.12
Dlf-A	**2.39**	298.25	6.00	2.05
Tata Motors-A	**1.77**	807.50	10.40	1.30
Tata Steel-A	**1.56**	608.60	–0.50	–0.08

CBN 600

China 27793.32

▲ **0.85% or 234.03**

Agricultural and utilities companies rose on ideas that preferential policies for the industries will be unveiled at meetings of China's de facto parliament this weekend.

Stock	Volume in millions	Close	Change Net	Change %
JiangsuSunshine	**272.69**	6.86	0.62	9.94
GansuYashengIndl	**136.76**	6.86	0.35	5.38
Sunvim Group	**133.27**	10.37	0.66	6.80
China State Con	**130.44**	4.38	–0.01	–0.23
JonjeeHiNewTech	**118.37**	11.85	1.08	10.03

ASX 200

Australia 4735.67

▲ **0.72% or 33.75**

Hopes that the Greek crisis is being brought under control combined with strength in commodity stocks to boost the index to the highest point in more than five weeks.

Stock	Volume in millions	Close	Change Net	Change %
Sundance Rsc	**101.13**	0.14	0.01	3.70
Telstra	**64.47**	2.94	0.01	0.34
CSR	**63.93**	1.63	0.03	1.88
GPT Group	**58.53**	0.58	–0.01	–0.85
Virgin Blue	**57.47**	0.69	0.05	7.03

Asian stocks in the news

Fortescue Metals Grp

Australia A$4.85

▲ **3.2% or A$0.15**

Credit Suisse said it is buying Australian resources stocks, including the iron-ore miner.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-0.16**			
Dividend yield	**none**			
Basic Resources		**1.6%**	4.2%	111.8%
Fortescue Metals Grp		**3.2%**	3.2%	94.8%

Sumitomo Metal Inds

Japan ¥261

▲ **4.0% or ¥10**

Gains in base-metal prices pushed mining stocks higher.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-10.40**			
Dividend yield	**1.9**			
Basic Resources		**1.6%**	4.2%	111.8%
Sumitomo Metal Inds		**4.0%**	7.4%	44.2%

Asahi Glass

Japan ¥920

▲ **4.7% or ¥41**

The firm told the Nikkei newspaper it is in line for its first operating profit in two years.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**11**			
Earnings per share, past four quarters	**84.30**			
Dividend yield	**1.7**			
Constructn & Matl		**1.1%**	3.0%	83.3%
Asahi Glass		**4.7%**	-0.3%	109.1%

Fast Retailing

Japan ¥15,930

▲ **4.7% or ¥710**

The fashion retailer said same-store sales at its Uniqlo chain rose 1.8% year on year in February.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**23**			
Earnings per share, past four quarters	**707.10**			
Dividend yield	**1.3**			
Retail		**0.5%**	3.2%	62.4%
Fast Retailing		**4.7%**	5.3%	67.3%

Lihir Gold

Australia A$2.91

▲ **4.7% or A$0.13**

The stock closed at its highest level since Jan. 27 as gold prices rose.

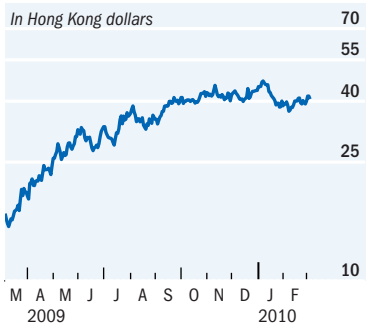
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-0.11**			
Dividend yield	**0.5**			
Basic Resources		**1.6%**	4.2%	111.8%
Lihir Gold		**4.7%**	8.2%	-100.0%

Wharf (Hldgs)

Hong Kong HK$40.65

▼ **2.3% or HK$0.95**

The stock slipped lower after surging Friday and Monday.



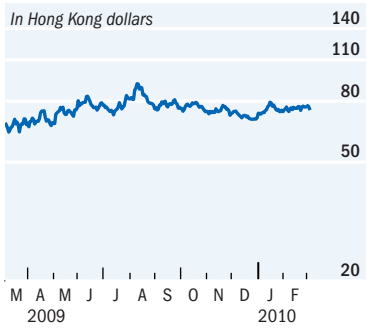
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**23**			
Earnings per share, past four quarters	**1.75**			
Dividend yield	**2.0**			
Indus Gds & Svcs		**0.8%**	2.3%	81.9%
Wharf (Hldgs)		**-2.3%**	2.8%	142.0%

China Mobile (HK)

Hong Kong HK$74.65

▼ **2.4% or HK$1.85**

The company is in talks to buy a stake in Shanghai Pudong Development Bank.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**12**			
Earnings per share, past four quarters	**6.41**			
Dividend yield	**3.7**			
Telecommunications		**-0.4%**	1.5%	23.1%
China Mobile (HK)		**-2.4%**	-2.5%	10.3%

Sino Land

Hong Kong HK$14.64

▼ **2.9% or HK$0.44**

Hong Kong property firms fell as investors took profits following recent gains.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**14**			
Earnings per share, past four quarters	**1.04**			
Dividend yield	**2.7**			
Real Estate		**...**	2.9%	82.0%
Sino Land		**-2.9%**	5.2%	136.5%

Daiichi Sankyo

Japan ¥1,757

▼ **3.3% or ¥60**

The firm's Ranbaxy unit faces a delay in launching a generic version of a urinary drug in the U.S.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**28**			
Earnings per share, past four quarters	**63.50**			
Dividend yield	**3.4**			
Health Care		**...**	1.4%	41.8%
Daiichi Sankyo		**-3.3%**	-2.2%	9.7%

QBE Ins Grp

Australia A$20.38

▼ **3.4% or A$0.72**

Companies with earnings in U.S. dollars fell as the Australian dollar rose.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**10**			
Earnings per share, past four quarters	**1.97**			
Dividend yield	**3.2**			
Insurance		**-0.4%**	-0.4%	52.2%
QBE Ins Grp		**-3.4%**	-12.3%	18.3%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Tracks diverge in China

Infrastructure investment was the cornerstone of China's economic growth last year. By contrast, 2010 was always certain to pale in comparison.

Still, it is important not to overdo the pessimism.

Beijing's commitment to expanding China's rail network seems likely to stay strong. The country is planning to lay down 42,000 kilometers of new track by 2020, much of it completed by 2012.

China's railway density—the amount of mileage of rail track per capita—remains well below that in developed economies, and China is keen to catch up. That should be good news for companies that derive much of their earnings from railway investment spending, such as **China Railway Group** and **China Railway Construction** Corp.

The path ahead for **China Communications Construction** Corp., China's other major Hong Kong-listed infrastructure stock, is more uncertain.

According to Goldman Sachs, it is expected to have derived just 9% of its 2009 earnings from railway construction. Instead, it is more exposed to investment spending on highways and ports. Road-related spending is much more reliant on local-government and bank funding relative to the more centrally funded railway expansion. Bank credit isn't going to be flowing as loosely as in 2009, and many of China's local governments are likely to scale back their spending plans.

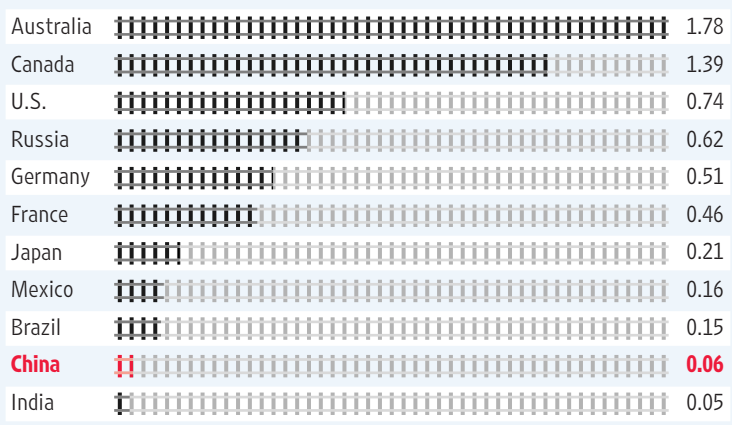
Valuations are already showing a discrepancy. China Communications Construction trades around 14 times forward earnings, CRC at closer to 20 times. If there are further indications about Chinese investment-spending plans at the National People's Congress in the next few days, that gap could grow.

—Andrew Peaple

Getting on track

China is still catching up on railway investment

Railway meters per capita



Note: Numbers are based on populations as of July 2009 and rail networks at end of 2008.
Source: CIA World Factbook

Big U.K. bank isn't that expensive

For investors, the problem with **Standard Chartered** is not the quality but the price. At 2.5 times book value, the U.K.-listed emerging-market lender trades on multiples more akin to Asian banks than other U.K. banks, which trade between 0.8 and 1.6 times book value. But a seventh successive year of record revenue and profit in 2009, despite the tough economic climate, should encourage investors to think again. Few other banks can match Standard Chartered's growth potential, which amply justifies its premium rating.

True, much of the 9% increase in revenue, to $15.2 billion, was due to the surge in trading revenue in its wholesale division, particularly in the first half. But the fact that the decline in consumer-division revenue was kept to 5% was impressive, given that the bank's 77% loan-to-deposit rate leaves it particularly vulnerable to today's ultra-low interest rates. The bank was able to make up much of the shortfall by aggressively expanding lending, particularly in the mortgage and small-business markets.

The market will also be buoyed by the absence of bad-debt surprises, particularly after **HSBC** revealed an unexpectedly large rise in Middle East impairment charges earlier in the week. Standard Chartered admits the Middle East remains tough, but it has minimal exposure to the Dubai real estate market. Overall, impairment charges totaled $2 billion in 2009, but appear to have peaked, thanks to robust emerging-market growth.

Other sources of future earnings growth include exposure to fast-growing markets such as India, now Standard Chartered's second-biggest market after Hong Kong and contributor of more than $1 billion in operating profit for the first time, and Africa, which delivered 54% operating-profit growth in 2009. Any early move by Asian central banks to raise interest rates will also boost margins. Add this together and Credit Suisse reckons the bank could generate 18% returns on tangible equity by 2012.

Perhaps not enough to make the shares look cheap—but not expensive, either.

—Simon Nixon

Pru's giant cash call will get strong answer

Prudential looks set to pull off a successful $20 billion rights issue this June, but risk appetite in the U.K. equity market has far from rebounded.

The issue, which is broadly in line with the U.K.'s largest-ever offer, represents a bold move at a time when many initial public offerings have been pulled on the grounds of market uncertainty.

Nonetheless, with a price discount of around 40% penciled in, take-up of the deal is expected at around 90%. The provisional support of a third of the group's share base already has been secured.

Of course, steep falls in the share price between now and June will certainly make the deal less attractive to existing investors.

Because **American International Group** is taking a fixed equity stake worth $5.5 billion, as well as preference shares and convertible notes worth a further $5 billion, shareholders' level of dilution will rise as the price falls.

The 12% drop on Monday, when the deal was announced, already increased this dilution to 16% from 11%, notes Merrill Lynch. The shares lost an additional 8% on Tuesday, but regained some of that ground on Wednesday.

The unusually lengthy four-month window between March and the end of the rights-issue period allows plenty of time for price volatility and speculative shorting of the stock, not to mention spillover weakness on the back of political and economic risk or the outside possibility of a rival takeover bid for Prudential.

But bankers believe that, despite short-term falls in the price, appetite will hold up for the June deal, not least because shareholders will be unwilling to be diluted further by passing on their rights.

The growth prospects and strategic fit of the tie-up between Prudential and AIG's AIA Asian life-insurance business are its main draw, while hopes for new management are high.

Unlike the market for IPOs, support for rights issues has arguably been maintained right through the crisis, with successful cash calls of $2 billion for Swedbank and $19 billion for HSBC last year both over 90% subscribed.

Meanwhile, there are other buyers waiting in the wings should the banks fully underwriting the issue end up with a large portion left on their books.

Pension funds and Asian sovereign wealth funds have already expressed an interest in taking upward of $5 billion of the issue.

The fact that a Hong Kong IPO of AIA was widely touted should mean more candidates come forward if a greater chunk of external cash is needed.

With or without the support of its existing share base, Prudential's AIA deal looks set to be funded. But other groups looking to raise equity in the U.K. markets may have to bide their time.

—Hester Plumridge

$500 million in capital to raise
20,000 trades a day to clear
1 trusted partner
One Credit Suisse
delivering the whole solution

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